



Daily Report

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General

Clinton 'Looking Forward' To Meeting Yeltsin

OW0401000493 Beijing XINHUA in English 2325
GMT 3 Jan 93

[Text] Washington, January 3 (XINHUA)—U.S. President-elect Bill Clinton indicated today that he is looking forward to meeting with Russian President Boris Yeltsin.

However he said no time and venue has been set yet.

"I do look forward to meeting with him," Clinton said in Hilton Head Island, South Carolina, hours after Yeltsin and U.S. President George Bush signed the second Strategic Arms Reduction Treaty in Moscow.

The president-designate said Washington has a "big stake" in the pace of economic reforms in Russia and he was very pleased Yeltsin's achievements so far.

Clinton indicated that he was willing to meet Yeltsin during the early days of his administration but "when and where we are going to meet...will depend in part on the timetable of the Congress and the work that I have to do here on the problems in America."

Yeltsin Comments on Meeting

OW0501003093 Beijing XINHUA in English 0018
GMT 5 Jan 93

[Text] Moscow, January 4 (XINHUA)—Russian President Boris Yeltsin stressed today the need for a working meeting between him and U.S. President-elect Bill Clinton to cooperate in implementing the second Strategic Arms Reduction Treaty.

According to ITAR-TASS, Yeltsin proposed the working summit in a telephone conversation with Clinton today.

During the conversation, Clinton congratulated President George Bush and Yeltsin for their work on the treaty and "pledged to do everything he could to get early ratification of this treaty."

Yeltsin's spokesman Anatoliy Krasikov said the two leaders agreed on the need for a working meeting to avoid a lull in bilateral ties and to cooperate in implementing the second Strategic Arms Reduction Treaty.

The pact, signed by Bush and Yeltsin in Moscow on Sunday [3 January], would ban all land-based long-range nuclear missiles with multiple-warheads and slash by two-thirds to the nuclear warheads of the United States and the Commonwealth of Independent States from the current total of some 21,000 to less than 7,000 by the year 2003.

At a press conference Sunday, Yeltsin said that he hopes to have a U.S.-Russian summit after Clinton is sworn in on January 20.

'Roundup' Views UN Peace Efforts in FRY

OW0201171593 Beijing XINHUA in English 1628
GMT 2 Jan 93

["Roundup"]

[Text] Geneva, January 2 (XINHUA)—The military and political leaders of the three warring parties and leaders from Zagreb and Belgrade started their first direct negotiations here today.

Following a plenary session attended by Bosnian Serb leader Radovan Karadzic, Croat leader Mate Boban, Muslim leader Alija Izetbegovic, Croatian President Franjo Tudjman and Yugoslav President Dobrica Cosic, the peace talks were divided into a military working group and a political one.

Today's meeting was "historic". Peace or war, life or death will be decided by the participants from ex-Yugoslavia, according to Cyrus Vance, the U.N. mediator.

The main subjects for the political working group, chaired by Martti Ahtisaari, chairman of the Working Group on Bosnia-Herzegovina of the Steering Committee on ex-Yugoslavia, is to discuss the suggested map and the constitutional principles.

A map proposed by the Geneva conference on ex-Yugoslavia divides future Bosnia-Herzegovina into ten provinces.

The map, presented by Cochairmen Cyrus Vance and Lord Owen of the conference to the leaders from ex-Yugoslavia here today, was based on not only the ethnics, but also elements of history, geographical features and economic viabilities.

"We have had to choose between conflicting claims and we cannot stress enough how vital it is that everyone accepts that there cannot be agreement without compromise, sometimes painful compromise," Owen told the first direct meeting of Bosnian warring parties leaders.

Bosnia-Herzegovina shall be a decentralized state with most governmental functions carried out by its provinces, according to the co-chairmen's proposed framework for Bosnia.

However, the ten provinces shall not have any international legal personalities and may not enter into agreements with foreign states or with international organizations.

The constitution shall recognize the three major "ethnic groups" as the constituent units of the state, as well as a group of "others".

The provinces, except Sarajevo which will be an "open city, and the central government shall have democratically elected legislatures and democratically chosen chief executives and an independent judiciary.

The presidency shall be composed of three representatives from each of the three constituent units, according to the document.

The initial elections are to be supervised by the U.N., the European Community and the Conference on Security and Cooperation in Europe (CSCE).

Meanwhile, Owen also proposed that a number of "throughways" be established, as to which the parties agree and will guarantee full freedom of movement.

Until a constitution enters into force and a period thereafter, the five "throughways" will be supervised by the U.N. Protection Forces [UNPROFOR] or another appropriate international force.

The forces will patrol these roads in order to ensure that the free flow of traffic is not obstructed by any provincial or other authorities and that military forces or material do not move through crossings of the roads.

The cessation of hostilities and demilitarization of Sarajevo are high on the agenda of the military working group, which was attended by military commanders of the five parties under Satish Nambiar, UNPROFOR force commander in ex-Yugoslavia.

Separation of the armed forces throughout Bosnia-Herzegovina will have to be negotiated in the light of the boundaries of new provinces, according to Owen.

There will be no military forces in Sarajevo Province. Bosnian Serb forces might withdraw to three provinces, Croat forces be deployed in one province while the remaining forces might be in four provinces.

The significant achievement so far is that the warring parties have agreed to sit down and talk seriously, said spokesman Fred Eckhard for Vance and Owen, adding there is a "fresh momentum" for cessation of hostilities and shape of a political settlement.

A ceasefire agreement could be more effective and binding only when it is reached simultaneously with a political commitments, according to the spokesman.

UN Mediator Heralds Talks

OW0201171693 Beijing XINHUA in English 1619
GMT 2 Jan 93

[Text] Geneva, January 2 (XINHUA)—The first direct talks between the three warring parties' leaders from Bosnia-Herzegovina marks "an historic meeting," Cyrus Vance, the United Nations mediator, said at the opening here today.

"It is our best chance for peace and we must ensure that it succeeds," Vance told the gathering which also included leaders from Croatia and the Serbian capital Belgrade.

"The process we are starting today can make the difference between peace and war, between life and death for thousands of people," Vance stressed.

He said, "Those gathered around this table have it in their power to prevent us from sliding into escalation, or expansion, of the conflict.

"You, the leaders around this table, can control what comes next. Peace can only come about with your cooperation."

After the first plenary session, which was attended by Bosnian President Alija Izetbegovic, Bosnian Serb leader Radovan Karadzic, Bosnian Croat leader Mate Boban, the Croatian president, Franjo Tudjman and the former Yugoslavia President Dobrica Cosic, the talks divided into two groups.

During the meeting, the leaders of the five parties also made statements, saying they were ready to talk seriously, according to a conference spokesman.

"It is your historic responsibility to see to it that peace prevails," Vance told them. "Peaceful solutions are within our grasp.... Time is running short."

The objectives of the meeting were also set out by Vance and his fellow cochairman, Lord Owen:

- to discuss a sustainable cessation of hostilities, the demilitarization of Sarajevo;
- an agreement on a pull-back from the military front-line in a way which goes with and reinforces the grain of an overall political settlement;
- ensuring the free access of all citizens in and out of besieged cities and towns;
- ensuring the free movement of humanitarian aid.

Butrus-Ghali Arrives in Mogadishu 3 Jan

OW0301090093 Beijing XINHUA in English 0848
GMT 3 Jan 93

[Text] Mogadishu, January 3 (XINHUA)—Secretary General of the United Nations Butrus Butrus-Ghali arrived here Sunday [3 January] to inspect a relief centre and the U.N. personnel in Somalia.

After his visit in Somalia, Butrus-Ghali will fly to Ethiopian capital Addis Ababa for a meeting to be attended by over a dozen Somali factions.

The U.N. chief has reportedly invited 14 Somali factions to attend the meeting scheduled for Monday and Tuesday.

The U.N. hopes for an agreement by the factions on convening a national reconciliation conference.

Chairs Preparatory Meeting 4 Jan

*OW0401143493 Beijing XINHUA in English 1342
GMT 4 Jan 93*

[Text] Addis Ababa, January 4 (XINHUA)—A preparatory meeting on national reconciliation in Somalia opened here this morning.

U.N. Secretary General Butrus Butrus-Ghali chaired the meeting and representatives from the United Nations, the League of Arab States, the Organization of the Islamic Conference, the Organization of African Unity (OAU) and the Non-Aligned Movement attended the U.N.-sponsored meeting.

Representatives from 11 Somali political groups also attended the meeting, including interim President Ali Mahdi Mohamed and his main rival Mohamed Farah Aidid.

In an opening speech, Butrus-Ghali said the meeting is to prepare the way for the rebirth of Somalia, and provide a precious chance for the parties concerned to exchange ideas and promote mutual understanding in a positive spirit.

He said "the crisis of Somalia can only be resolved by the Somali people themselves through a process of national reconciliation."

He said, the current meeting will discuss the agenda, date and place and items for an international meeting on Somalia.

He expressed the hope that the meeting will take place in Somali capital Mogadishu in the near future.

The U.N. chief said chaos, despair and horror have begun to give way to hope and Somalia is now stirring with new life.

"Leaders (of Somali factions) have begun to express willingness to reconcile with their enemies," he said.

In a key note speech at the opening session, Ethiopian President Zenawi Meles called on Somali rival faction leaders to make reconciliation with each other so as to reach peace, order and security in the country.

The Ethiopian president stressed it is necessary to implement a cease-fire arrangement, establish a neutral police force, and control and reduce the arms as well as establish a provisional government in the war-torn country.

Other speakers at the meeting also stressed the need of reconciliation among the warring Somali factions.

According to a meeting source, representatives of four Somali political organizations were not allowed to attend the current preparatory meeting because of their unqualified credentials.

They are Somali Democratic Movement, Somali Salvation Democratic Front, United Somali Party and Somali National Front.

The opening ceremony will be followed by closed-door sessions from this afternoon and a plenary meeting is expected to take place tomorrow morning.

Cheney on U.S. Withdrawal From Somalia in Jan

*OW0401233793 Beijing XINHUA in English 2307
GMT 4 Jan 93*

[Text] Washington, January 4 (XINHUA)—U.S. Defense Secretary Richard Cheney said today the United States would begin to withdraw its troops from Somalia this month.

But most of the thousands of U.S. troops in Somalia will remain beyond that time and no decision has been made on when U.S. forces will be replaced by U.N. peacekeepers to protect food and other aid, Cheney said.

In a farewell interview with several reporters, Cheney, who will leave office on January 20 with other top officials of the Bush Administration, also warned Iraq against misjudging U.S. President-elect Bill Clinton's resolve, and cautioned Clinton against deeper involvement in Yugoslavia without allied support.

On the U.S. military relief operations in Somalia, Cheney said, "I think it is fair to say that by the end of the month we will have begun to reverse the flow...and begin to bring back to the U.S.... some portions of the U.S. forces that have been deployed over there."

"There is still a lot of work to be done to provide for the kind of secure environment that we would like to be able to pass on to the U.N.," he said.

He confirmed statements by U.S. military officials in Somalia that the Pentagon had decided to cut the total number of U.S. troops being sent to Somalia from 28,000 to 24,000 because of cooperation from other countries in sending troops.

On Iraq, Cheney said, "it would be a big mistake for the Iraqis to assume that there is going to be any change of policy under a new (U.S.) Administration."

Last week, a U.S. F-16 fighter downed an Iraqi warplane that had flown 20 miles inside the "no-fly" zone enforced by the Western nations in southern Iraq.

On Yugoslavia, Cheney said he continued to oppose the notion of putting U.S. ground troops into Yugoslavia's warring republics.

He said the complexity of the region's problems and the consequences they hold for Europe meant that finding a solution for the region must be "collective effort...this is not a unilateral U.S. effort."

"I don't think the United States ought to be operating unilaterally in Yugoslavia," he said. "We are constrained to some extent because we are operating as part of an international coalition."

The outgoing secretary also said he believed the future of the fractured Soviet Union is "a huge question mark" and the incoming U.S. Administration needs to adopt "a certain element of caution," given the continued problems with economic reform and ethnic unrest there.

Qian Qichen Article on World Situation in 1992

*HK3112142092 Beijing RENMIN RIBAO in Chinese
30 Dec 92 p 7*

[Article by Foreign Minister Qian Qichen: "Review and Prospects"]

[Text] On 25 December 1991, the red flag flying above the Kremlin was quietly lowered. The Soviet Union had ceased to exist. In the following year, the shock waves from the disintegration of the Soviet Union shook Europe and have continually had incalculable influences on the global situation and international relations.

The most direct consequence was an end to the confrontation between the two superpowers and the two great armed blocs that had lasted for 40-odd years since World War II. A new world war could now be avoided and the possibility of maintaining world peace strengthened, but there was still no peace and the world was not calm. Fifteen independent sovereign states successively sprouted up on the former Soviet territory; Yugoslavia was time and again split up; Czechoslovakia is about to divide into the Czech and Slovak Republics; and some of the regions in Eastern Europe reeled under deepening political and economic crises. Nationalities broke up, territorial disputes intensified, armed conflicts flared repeatedly, refugee populations appeared, and people suffered grievous losses of life and property. All these threatened Europe's security, stability, and development and exerted a negative influence on the world, but nobody was able to produce a good policy for solving the problems.

With the Soviet Union no longer in existence, the internal cohesiveness of Western alliance, formed to contain the Soviet Union, weakened; relations between allies drifted apart; and there were continual economic frictions and trade wars. Some of the countries were troubled to varying extents by the "post-Cold War syndrome." National leaders turned more of their attention to domestic affairs.

The United States has wasted too much of its national power in the long standoff against the Soviet Union. The militarization of the economy has damaged economic development and there are now many difficulties. President-elect Clinton has explicitly stated that the reinvigoration of the U.S. economy is his priority and he will increase the pace of the formation of the North American Free Trade Zone.

As European Community [EC] countries come under the impact of economic recessions, the process of the integration of Europe has met with frustration. Recently, the EC reached consensus at the Edinburgh summit on problems of budget, the distribution of the seats at the Council of Europe, and relations between Denmark and the EC. This shows the EC's determination for a concerted effort to launch a unified European market.

As an Asian country, but also a member of the West, Japan attached more importance to its foothold in Asia and the development of ties with Asian countries in order to increase its status in global economic competition. To solve its domestic economic downturn, the Japanese Government unveiled a comprehensive economy-invigorating program.

Russia is now going through the agony of a serious political crisis and economic difficulties, but it remains a country of enormous potential. It has started adjusting its domestic and foreign policies. Russia is pursuing a "two-headed eagle" foreign policy which stresses and attaches importance to developing ties with its neighbors and Asian-Pacific countries.

In sum, in meeting the challenges of the 21st century, countries are paying increasing attention to the roles of science, technology and economic factors in international relations. They have come to realize the degree of their combined national strength will determine their country's status in the future world scheme. In a post-Cold War era, countries will more likely guide their foreign policies and adjust their ties with other countries according to their own interests and not the "allied interests" in the Cold War era.

"Remaining composed however tumultuously the clouds fly by." No matter how the international climate changes, China will single-mindedly and firmly grasp the center of economic construction. The year 1992 was an extraordinary year for China. With Comrade Deng Xiaoping's southern inspection tour speeches early in the year and the triumphant opening of the 14th party Congress in October, at which building a socialist market economic system was laid down as the goal for the development strategy, China's modernization entered a new historic era. At a time of world economic recession, China's economy forged ahead at a relatively fast pace. The year 1992 was also one in which our country worked hard to open up new areas in diplomacy and make many friends. From the start to finish, this year there have been continuous momentous diplomatic activities, fully signaling the success of our country's reform and opening up policy and the expansion of our international influences.

China's good-neighborly and friendly relations with its neighbors made great strides compared with last year. On the occasion of the 20th anniversary of the normalization of Sino-Japanese state relations, General Secretary Jiang Zemin and Chairman Wan Li visited Japan successively and Japanese Emperor Akihito visited

China and Sino-Japanese relations became more solid. President Yang Shangkun's visit to the DPRK consolidated and developed Sino-Korean traditional friendly cooperation and relations. The establishment of diplomatic ties between China and the ROK and President No Tae-u's visit to China will help expand economic, trade, and scientific and technological exchanges between the two countries and ease the situation on the Korean peninsula. Premier Li Peng's official visit to Vietnam on the occasion of the first anniversary of the normalization of Sino-Vietnamese relations carries great significance for promoting the sustained development of Sino-Vietnamese relations and has produced positive influences on peace and stability in the region. China's relations with its biggest northern neighbor, Russia, developed smoothly this year, and there are signs that economic and trade ties are going to get closer. President Yeltsin's visit to China has raised relations between the two countries to a new high. Our country has increased dialogue and consultation with the six ASEAN countries and achieved consensus with them on many important international issues and regional problems. The traditional friendship and cooperation between China and Pakistan, Bangladesh and other South Asian countries continually deepened. Sino-Indian relations improved notably. Leaders and heads of state of many countries that gained independence in the aftermath of the disintegration of the Soviet Union visited our country.

To ensure lasting peace and security in the border regions, China not only adopted measures to boost mutual trust in the military field with its neighboring countries, but it also concentrated on negotiating and resolving border issues with relevant countries, thus achieving varying degrees of progress, including the successful resolution of border issues with Laos.

To safeguard peace and stability in the Asia-Pacific region, China joined efforts with concerned countries to promote the comprehensive implementation of the Paris agreement on the Cambodian issue by all the factions in Cambodia and to try to boost detente and stability on the Korean peninsula. On the question of territories under dispute, we advocate "shelving disputes and carrying out joint development." This position of the Chinese Government was accorded great emphasis and praise by the countries of this region. As it endeavors to achieve modernization, China needs to develop friendship and cooperation with the countries of the Asia-Pacific region and of the world; and even if China becomes developed in the future, it will continue to need this kind of friendship and cooperation. Talks of a so-called "Chinese threat" and "China filling the vacuum" are totally groundless.

China's unity and cooperation with the developing countries of the Third World underwent new development both in breadth and in depth. China officially became an observer to the Nonaligned Movement and maintained close ties with the Group of 77. Internationally, our country continued to take the side of the developing countries, speaking out for and upholding justice and

safeguarding their legitimate interests, while they too have offered China invaluable sympathy and support. In the economic field, the two sides carried out various forms of exchanges and cooperation based on the principle of equality and mutual benefit. Strengthening unity and cooperation with the countries of the Third World will always remain a fundamental standpoint of China's foreign policy.

China further resumed and developed its relations with Western countries. Chinese leaders visited many countries in Western Europe where they presented the trends in China's economic development and expressed our country's good intentions to carry out friendly cooperation with Western countries on the basis of mutual respect, seeking common ground while reserving differences, equality, and mutual benefit. German Foreign Minister Klaus Kinkel visited China, while the Bundesrat adopted a resolution on the normalization of German-Chinese economic relations. The Western countries are generally optimistic about economic development in China, and knowledgeable sources in politics and the media all called for quickening the pace to improve and develop ties with China, while business circles demonstrated enthusiasm to bolster economic and trade relations with China. Foreign investments in China set an unprecedented record in 1992.

China and the United States share broad common interests as well as differences. This is the objective fact. China and the United States reached agreement on issues like the protection of intellectual property rights and market access, while bilateral relations also improved, proving that differences can be settled through friendly consultations. However, the sale of F-16 fighter aircraft to Taiwan is a serious incident which violates the Sino-U.S. "17 August" joint communique, interferes with the internal affairs of China, and hurts the national feelings of the Chinese people. We hope to enhance trust and reduce troubles with the United States, promote cooperation, and avoid confrontation. As long as both China and the United States abide strictly by the principles set forth in the three Sino-U.S. joint communiques, Sino-U.S. relations will develop normally.

China maintains that with the end of the bipolar confrontation, the international situation is moving toward pluralism. History has shown that it is neither rational nor realistic for any one superpower or a number of big powers to want to dominate the world and monopolize international affairs. International relations should be democratized. All countries are equal members of the international community, whether they are big or small, weak or strong, rich or poor. Interstate relationships as well as the new international political and economic order can only be established on the basis of mutual respect, mutual nonintervention in the internal affairs of others, equality, and mutually beneficial cooperation.

China insists on developing friendly ties and cooperation with all countries on the basis of the Five Principles of

Peaceful Coexistence, but on questions involving the national interests and sovereign right, we have no choice but to react strongly. Regarding the sale of weapons to Taiwan by certain countries, the fabrication of "one China, one Taiwan," and the use of "human rights" and "democracy" as excuses to put pressure on China, intervene in our internal affairs, and commit breaches of faith on questions concerning Tibet and Hong Kong, China safeguarded the sovereign rights and dignity of the country by waging a struggle on just grounds, to our advantage, and with restraint.

As a permanent member of the UN Security Council, China actively participated in UN affairs, engaged in multilateral diplomacy, and further expanded China's international influence. China exerted positive efforts to promote the political settlements of regional conflicts and international disputes. Our position of opposing the use of sanctions and the resort to force at the slightest turn gained the understanding and praise of a majority of countries.

To safeguard world peace and security, China and other permanent members of the Security Council arrived at a certain agreement in principle regarding questions of nonproliferation of weapons of mass destruction and the transfer of conventional weapons. China formally acceded to the "Nuclear Nonproliferation Treaty" and made positive contributions to the conclusion of the "Convention on the Prohibition of the Development, Production, Storage, and Use of Chemical Weapons and the Destruction of Such Weapons." On the question of disarmament and arms control, China proposed the principle of "fairness, reason, comprehensiveness, and balance" which also reflected the aspirations of a majority of countries, particularly the developing countries. China also took part in activities such as the UN conference on the environment and development and the Asia-Pacific economic and social conference, exerting the necessary efforts to protect the earth's ecology and environment and to promote world economic cooperation and development.

The abundant results achieved by China on the diplomatic front is a victory stemming from its adherence to an independent foreign policy of peace. China continues to advance courageously along the path of socialism with Chinese characteristics by overcoming the grim tests presented by the dramatic changes in the international situation as well as by the world economic recession, resisting various pressures imposed on our country, and taking a firm stand. Today, China's reform, opening up, and modernization endeavors have entered a new phase. China has achieved peace and security in its neighboring environment with its efforts to promote good neighborly relations with neighboring countries. China's friendly ties and cooperation with the countries of the world is being consolidated unabatedly, while exchanges in the economic, trade, scientific and technological, and cultural fields continue to expand and intensify. Looking to the future, we are full of confidence that as an important

force in the protection of world peace and promotion of world economic growth, China's international influence will grow unabatedly.

We should grasp the opportunities to develop ourselves, but at the same time, we should see clearly that hegemonism and power politics continue to exist. Not everyone is happy with the tremendous achievements we have gained in adhering to reform and opening up and in advancing along the socialist road. There are always those who will make a wrong calculation about the development prospects of China, and will attempt to interfere in China's internal affairs and create troubles using various excuses. In short, confronted by the complicated and unpredictable international situation, we should continue to make cool observations, maintain our calm, carry out active explorations, strive to create, do a better job in work related to foreign relations, serve China's reform and opening up as well as economic construction, and contribute to the efforts to promote world peace and development.

Japan Considers Withdrawing Troops From Cambodia

OW0301171693 Beijing XINHUA in English 1610 GMT 3 Jan 93

[Text] Tokyo, January 3 (XINHUA)—Japan is considering a pull-out of its peacekeeping troops from Cambodia in August, two months earlier than planned, according to government sources.

Japan sent its Self-Defense Force soldiers to Cambodia last September to work on road and bridge construction projects.

The sources said the Japanese soldiers may face danger if the infantry corps of the U.N. Transitional Authority in Cambodia leaves Cambodia in August following the establishment of a new government after a general election in May.

XINHUA Assesses Diplomacy in 1992

OW0101034793 Beijing XINHUA in English 0307 GMT 1 Jan 93

[Text] Beijing, January 1 (XINHUA)—China received a total of 23 foreign heads of state and 12 government leaders, while Chinese President Yang Shangkun made trips to six countries in Asia and Africa in 1992.

The frequent comings and goings at the state level made 1992 a "year of presidents" for China's foreign affairs, according to diplomatic observers.

China's diplomatic activities in 1992 ended on a high note after the country received three heads of state in the last two weeks. Over 10 days the Luxury No. 18 apartment of the Diaoyutai State Guesthouse saw Russian President Boris Yeltsin, Malian President Alpha Konare and Israeli President Yitzhak Rabin following one another heels.

Heads of state from 15 Asia-Pacific countries visited China last year, accounting for over 70 percent of the total number. It can be seen from this that the emphasis of China's foreign policy remains in developing friendly and cooperative relations with neighboring countries to benefit the country's economic construction and promote stability and development in the region.

Analysts said that China is now enjoying the best relations with its neighboring countries in history.

The establishment of diplomatic ties between China and the Republic of Korea (ROK) and the visit of ROK President, No Tae-u, ended 40 years of isolation from each other.

The first visit to China by Indian president, Ramaswami Venkataraman, was regarded as a "new milestone" in bilateral relations.

During President Yeltsin's visit, China and Russia signed a joint declaration governing bilateral relations, and the two permanent members of the United Nations Security Council proclaimed to the world that they regarded the other as friends.

Japanese Emperor Akihito, the symbol of Japan, visited China for the celebrations of the 20th anniversary of the normalization of ties between the two nations. The visit not only pushed Sino-Japanese relations to a new level, but was conducive to the improvement of relations between China and the Western industrialized nations.

Many of last year's top-level visits were from Third World countries in Asia, Africa and Latin America. These countries included Egypt, Mali, Benin, Tanzania, Namibia, Chile and Bolivia.

This shows that the policy of developing friendly relations and cooperation with the Third World, a basic stand point of China's foreign policy, remains unchanged despite the tremendous changes in international situation.

Among the 23 visits of foreign heads of state last year, over one half were unprecedented in the history of bilateral relations, and the number of countries forging diplomatic ties with China in 1992 hit a record high.

Last year, Beijing received six heads of states and five heads of government from the Commonwealth of the Independent States (CIS) countries.

China is now implementing an all-round independent foreign policy of peace with a more flexible and pragmatic attitude, observers say. China strictly abides by the principles of non-interference in other countries' internal affairs and respects the choice of the people of all countries. China is also making effort to realize the normal development of state-to-state relations despite differences in social systems and ideologies.

China had a flying start last year with a chain of eye-catching diplomatic activities including the establishment of diplomatic relations with Israel in January, which was echoed by the visit of the Israeli president.

Observers believe that, with the deepening of reform and opening wider to the outside world, China's diplomacy will be even more active in the new year.

'Yearender' Assesses International Space Market

OW0201152293 Beijing XINHUA in English 1456
GMT 2 Jan 93

["Yearender" feature by Qin Deqi]

[Text] Beijing, January 2 (XINHUA)—In the 1992 International Year of Space, the worldwide industry has shown a marked swing towards civil use and cooperation, with a number of developing countries squeezing into the global market.

At the top are the space superpowers, including the United States, Russia, and the European Community, all of whom will be carrying on the trend towards commercial launches and civil use.

Coming along behind, China has captured part of the global market as have India and Brazil, who have made great progress in the field.

What is expected to happen is increasing international cooperation between both developed and developing countries, with such links being strengthened day by day.

As the world's major superpower, the United States has sent out the most space missions. Four space shuttles completed a total of eight flights over the past year.

One of their big successes was when astronauts aboard the shuttle Atlantis generated 40 volts of electricity with a tethered satellite as both hurtled through the Earth's magnetic field.

In addition to the shuttle missions, the Magellan spacecraft has photographed 97 percent of Venus's rugged landscape, while the Hubble space telescope has spied what could be a black hole and has sent back the best proof yet of the existence of this celestial phenomenon.

Over the past 20 years, the United States has spent 15 billion U.S. dollars on military launches and another five billion U.S. dollars to operate the systems.

Critics say the government, with its huge budget deficit and the end of the Cold War, should not now be sinking money into military space programs.

U.S. Vice President Dan Quayle told an international space conference in August 1991 that his country would adjust its space policy in the coming years.

The United States will not build a new space shuttle and will reduce spending on research for an aerospace aircraft. The stress now will be on commercial launches and space programs with a short period, low cost and little risk.

Foreign input of astronauts or experiments for shuttle flights will become important parts of U.S. space missions.

As the main heir of the former Soviet Union's space crown, Russia battened down the hatches over the past year. It was due to political and economic crisis that the astronauts in the Mir space station postponed their return to Earth and space scientists went on strike.

Also because of a tightening of the budget, Russia had to sell some high technology to foreign countries. For example, they sold a Photon spacecraft to France, and high precision satellite pictures and a Topaz II space nuclear reactor to the United States.

Russia also earned foreign exchange by sending foreign astronauts to the Mir space station, including 12 million U.S. dollars from France.

But a major success on the world stage has been achieved by the European Space Agency with its Ariane rocket series. A consortium of 13 European countries, it has captured half of the commercial global market since its founding with 55 launches up to the end of last year.

Becoming even more competitive, the Agency is now researching a new Ariane 5 rocket. It will be able to lift a seven-ton satellite into orbit, and is expected to come into use in 1996.

Yet the United States, Europe and even Russia will not now have it all their own way. The developing countries have been making a very strong push into the market.

China for example has already put 36 satellites into orbit, including five for foreign clients, and its Long March launchers have gained a strong place in the world market.

India, which surprised in the world in 1980 by placing a satellite in orbit, has an ambitious space program. It has invested 500 million U.S. dollars in a four-stage polar satellite launch vehicle since 1984 and the new rocket will be launched next March.

Brazil for its part has set out a 10-year space plan. It has so far constructed four satellites and is working on producing its own launch vehicles.

Among all these contenders, the end of the cold war and a general tightening of budgets all round has led to increasing international cooperation.

This year Russian astronauts are expected to go into space aboard an American shuttle; in 1995 Americans will work in the Russian Mir space station; and the

former rivals will share space docking and electronic technology and management.

For its part, the European Space Agency will cooperate with Russia on the design of an aerospace aircraft, giving it a 20 percent saving in investment. It has also been reported that Sino-Russian and Japanese-German agreements on space cooperation have been signed.

The space industry carries high risks with its high technology and investment. If the trend continues for international cooperation, these can be shared to ensure great progress in the future.

World Nuclear Group Expects China To Join

OW2212085092 Tokyo KYODO in English 0827 GMT 22 Dec 92

[Text] Tokyo, Dec. 22 KYODO—China's government-run nuclear corporation is likely to become a member of the World Association of Nuclear Operators (WANO) at the group's general meeting slated for next April in Tokyo, sources at the group said Tuesday.

Participation in the group by the China National Nuclear Corp., which constructed China's first nuclear power plant in Qinshan, Zhejiang Province, and started test operations about a year ago, should provide better information on China's nuclear power program, which has not been accessible until now. With the plant starting commercial operations in the near future, the Chinese corporation wants to join the group to secure safety operations with information through the group, the sources said. It is also planning construction of an additional two nuclear plants.

WANO, established in 1989, is an international organization designed to help cooperation among nuclear operators around the world in the wake of the disastrous nuclear power accident at Chernobyl in the former Soviet Union in 1986. Some 130 members of the organization meet regularly and exchange information on technology, testing, and problems with nuclear plants. Their next meeting is set for April 19 to 20 next year in Tokyo.

NPC Vice Chairman Meets UNICEF Officials

OW0501131593 Beijing XINHUA in English 1206 GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—Chen Muhua, vice-chairman of China's National People's Congress Standing Committee, today met with Frederick Ward, chairman of the executive board of the United Nations Children's Fund (UNICEF) and his party.

Ward is the first UNICEF executive board chairman to visit China since China and UNICEF established friendly ties and China was elected a member state of the board.

Chen, also president of the All-China Women's Federation, expressed satisfaction with the results of the implementation of the program of co-operation between China and UNICEF. She said that she hoped that such friendly relations would be further expanded.

Ward is here to acquaint himself with the present situation and needs of China's women and children, and study the results of the implementation of UNICEF's assistance to China.

Ward, who has called on the leading members of the Chinese Ministry of Public Health and the State Education Commission during his stay here, said that he is looking forward to a study tour of Sichuan and Yunnan Provinces of southwest China.

Chen briefed the visitors on China's achievements in caring for its children's welfare as well as future development plans.

According to official sources, by the end of 1993 UNICEF's total committed assistance to China will amount to 180 million U.S. dollars. The actually implemented assistance to the country was 140 million U.S. dollars by the end of last year.

Ward and his party arrived here yesterday for a week-long friendly visit to China as guests of the Chinese Ministry of Foreign Economic Relations and Trade.

Northeast Asia

DPRK Envoy Comments on Kim Il-song's Speech

SK0501034093 Beijing China Radio International in Korean 1100 GMT 4 Jan 93

[Text] Pae Yong-chae, DPRK charge d'affaires to China, held a news conference in Beijing this morning in connection with the contents of the 1993 New Year's address delivered by Comrade Kim Il-song, general secretary of the Workers Party of Korea [WPK] Central Committee and DPRK president.

Charge d'Affaires Pae Yong-chae said: In his New Year's address, Comrade Kim Il-song noted the success effected by the Korean people in socialist construction last year, the tasks for the new year, the issue of national reunification, and our government's external policy. Comrade Kim Il-song sized up 1992 as a proud and glorious year during which the WPK and the people all overcame difficulties and tribulations and fully displayed the validity and invincibility of the socialist cause through firm unity.

He pointed out: Comrade Kim Il-song declared the party's revolutionary principle and line of socialist construction firm and unchangeable and urged that the socialist economic construction should be accelerated vigorously, that a firm self-sufficient economic foundation be laid this year, and that the people's material and cultural life should be improved rapidly.

Charge d'Affaires Pae Yong-chae said: Touching upon the issue of the national reunification in his New Year's address, Comrade Kim Il-song stressed that the WPK and the DPRK Government should make steady efforts to realize national reunification through the confederation of two systems and two governments in one nation and state based on the national independence principle.

In conclusion, he said: Comrade Kim Il-song declared in his New Year's address that the DPRK Government will constantly press ahead with the external policy of independence, peace, and friendship.

DPRK Vice Premier Receives Delegation

OW0401224193 Beijing Central People's Radio Network in Mandarin 1700 GMT 26 Dec 92

[From the "International News and Commentaries" program]

[Text] Today in Pyongyang Hong Song-nam, candidate member of the Political Bureau of the Workers Party of Korea Central Committee and vice premier of the Administrative Council, met with members of the Chinese delegation of the Council of the Sino-Korean Yalujiang Hydroelectric Power Company.

The delegation was headed by Lu Youmei, vice minister of energy resources and president of the Chinese side of the council.

Hong Song-nam held cordial and friendly talks with members of the delegation. He said: The Yalujiang Hydroelectric Power Company, which is operated jointly by Korea and China, plays a very important role in supporting the socialist construction of our two countries and in strengthening Korean-Chinese friendship.

Hong Song-nam urged the two sides of the council to cooperate more closely and act as quickly as possible to make a decision on building a hydroelectric power station on the Yalu Jiang.

Members of the Chinese delegation headed by Lu Youmei are in Pyongyang to attend the 45th meeting of the Council of the Sino-Korean Yalujiang Hydroelectric Power Company. Issues to be discussed at the meeting include annual budgets, final accounts, and the construction of a hydroelectric power station on the Yalu Jiang.

Miyazawa To Propose Aid to Indochina, Cambodia

OW0401184693 Beijing XINHUA in English 1443 GMT 4 Jan 93

[Text] Tokyo, January 4 (XINHUA)—Prime Minister Kiichi Miyazawa said today that he would propose plans to help reconstruct the Indochinese peninsula and Cambodia during his coming trip to Southeast Asia.

Speaking at a press conference, he said that he would explore ways to cooperate with members of the Association of Southeast Asian Nations (ASEAN) to achieve the goal.

"ASEAN will be the locomotive leading the world economy in the 21st century," he pointed out.

ASEAN groups Indonesia, Malaysia, Thailand, the Philippines, Singapore and Brunei.

Miyazawa is scheduled to visit Indonesia, Malaysia, Thailand and Brunei starting on January 11.

Near East & South Asia

CPPCC Committee Delegation Leaves for Egypt

OW0501043293 Beijing XINHUA in English 0422
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—A delegation from the National Committee of the Chinese People's Political Consultative Conference (CPPCC) headed by its Vice Chairman Qian Weichang, left here this morning on a week-long goodwill visit to Egypt.

At the invitation of Moustafa Kamal Helmy, speaker of Egyptian Shura (Advisory) Council, the 14-member delegation is paying a return visit to the one paid by Helmy to China in February last year.

The Egyptian Shura Council is one of the four major state organs, which serves as a consultative body to the Egyptian president.

Military Chief, Minister Meet Iranian Commander

OW0501125393 Beijing XINHUA in English 1231
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—General Liu Huaqing, vice-chairman of China's Central Military Commission, met with Major General Mohsen Rezai, commander of the Islamic Revolution Guards Corps of Iran, here today.

Liu said that China and Iran share a traditional friendship, and the relations between the two countries, and those between their armed forces, have been developing.

He said the current visit of Rezai will promote the development of the friendly ties between the two countries and their armed forces.

Liu briefed the visitors on China's economic construction after the 14th National Congress of the Chinese Communist Party and on the construction of the Chinese People's Liberation Army (PLA).

Rezai expressed the hope that the friendly relations between the Revolution Guards corps and the PLA will

continue to grow, and the relations between the two countries in politics, economy and other fields will be strengthened.

Exchanging views on some international issues, they agreed that it is necessary to strengthen the existing friendly relations and cooperation under the rapid-changing world situation.

Lieutenant General Zhang Wannian, chief of the PLA's general staff, was present at the meeting.

In the evening, Chinese State Councillor and Defense Minister Qin Jiwei met with and hosted a dinner in honor of the visitors.

Rezai and his party arrived here yesterday at the invitation of Zhang Wannian.

China, India Plan New Ports To Revive Trade

HK0501051093 Beijing CHINA DAILY in English 5
Jan 93 p 2

[Report by staff reporter Wang Yong: "China, India Vow To Rejuvenate Exchanges"]

[Text] China and India are planning to open up new land ports to revive lacklustre bilateral trade.

Senior officials from both sides have agreed hectic border trade would help boost overall economic relations between the two most populous nations on earth.

P.J. Kurien, the visiting Indian Minister of State and Commerce, suggested in Beijing yesterday that the two governments work out details on the issue as soon as possible.

Until now, there has been only one thoroughfare for border trade—China has opened Pulan in Tibet Autonomous Region and India has opened Gundi in its Pithoragarh district.

Kurien was in Beijing to attend the fourth session of the China-India Joint Group on Economics and Trade, Science and Technology, which aims at increasing the low bilateral trade volume.

Li Lanqing, the Chinese Minister of Foreign Economic Relations and Trade (Mofert), suggested India grant more favourable treatment to border trade between the two countries.

Bilateral trade has until now reached some \$300 million, and Li said he was optimistic the figure could jump 10 times to \$3 billion in the near future.

"There's good potential for co-operation in aviation, electronics, railways, machine-building, mining and construction," he said.

He urged companies from both sides to establish more commercial offices in each other's territories to facilitate his ambitious goal of shooting up trade volume.

A number of big Chinese foreign trade companies in the chemicals, metals, machinery and silk sectors were ready to discuss detailed business with their Indian counterparts.

Li said increasing trade with India is becoming a top priority for China now on the hunt for more diversified overseas markets.

China has recently launched the diversification campaign to avert possible losses from trade skirmishes with a few trading partners.

Kurien said the prospect is good for the two countries to engage further in joint development of natural resources and reciprocal investment.

He suggested Chinese companies participate in the mining industry in India.

He said an industrial and trade liberalization policy in India could open ways for stronger bilateral cooperation.

His delegation will visit Shanghai's Pudong Development Zone, the potential economic powerhouse of China, tomorrow before leaving for home on Thursday.

Sino-Indian Summary of Talks Signed in Beijing

OW0501131893 Beijing XINHUA in English 1300
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—A summary of the fourth meeting of the Sino-Indian joint economic and trade group was signed here today.

Li Lanqing, Chinese minister of foreign economic relations and trade, and P. J. Kurien, visiting Indian minister of state for commerce, signed on the paper.

Kurien and his party came here as Li's guests to attend the meeting.

Buddhist Delegation Leaves Nepal for Home

OW0501131993 Beijing XINHUA in English 1204
GMT 5 Jan 93

[Text] Kathmandu, January 5 (XINHUA)—A six-member Chinese Buddhist delegation left here for home today after a five-day visit to Nepal at the invitation of a Nepalese Buddhist organization, Dharmodaya Sabha.

During its stay in Nepal, the delegation, headed by Ge Da, member of the standing committee of the Chinese Buddhist Association and vice-president of its Yunnan Provincial branch, called on Nepalese Minister of Education, Culture and Social Welfare Govinda Raj Joshi.

The delegation offered worship at the temple of Maya Devi at Limbini, the birthplace of Lord Buddha, and saw the construction sites of monasteries of different countries within the Lumbini master plan area.

It also visited Buddhist monasteries in Pokhara, the lake town in western Nepal.

West Europe

French Official Warns of 'Damage' to Relations

HK0501092593 Hong Kong AFP in English 0846 GMT
5 Jan 93

[Text] Hong Kong, Jan 5 (AFP)—Sino-French ties will be damaged if French firms are barred from the billion U.S. dollar subway project in China's Guangzhou city in retaliation for selling fighters to Taiwan, a French official said.

The warning came as a British trade delegation was in the southern Chinese city Tuesday [5 January] trying to win the contract.

Last week Guangzhou Mayor Li Ziliu was quoted by the Beijing-funded Wen Wei Po daily based in Hong Kong as saying that Guangzhou had "acted under orders" from the central government to halt French business cooperation on the subway project.

Yves de Ricaud, head of the French trade commission here, told a radio station that if French firms were barred "it could cause damage to our commercial and economic relations."

"Our opinion is that there must not be any mixing of politic and economic relations," he said in an interview broadcast Tuesday.

Sino-French relations soured on Paris' intention to allow the sale of Mirage fighters to Beijing's rival government in Taipei. China ordered the closure of the French consulate in Guangzhou in retaliation.

The French government warned China Monday against treating France and the United States differently in reacting to the sale of military hardware to Taiwan which China considers part of its territory. The two sides have been separated since 1949, when the Kuomintang fled to the island after losing a civil war on the mainland to the communists.

A British trade official expressed optimism here Tuesday that Britain would secure the subway contract despite the Sino-British row over the widening of democracy in Hong Kong before it reverts to Chinese rule in 1997.

The 19-strong British trade delegation, headed by Minister for Trade Richard Needham, is expected to return to the territory late Tuesday after a three-day visit to Guangzhou.

Daya Bay Project Not 'At Risk'

HK3112060092 Hong Kong THE STANDARD in
English 31 Dec 92 p 1

[Report by Don Spain]

[Text] French Trade Commissioner Michel Gelenine says the escalating row between China and France will not put the French-backed Daya Bay project at risk, although no official discussions aimed at resolving the dispute are under way.

Paris-based Credit Lyonnais is injecting U.S.\$196 million (HK\$1.53 billion) for the pump-storage power station in which French companies Franagone and EDS have major stakes.

Speaking by telephone from Guangzhou yesterday, Gelenine said the French Trade Commission would be closed on 22 January, along with the French Consulate, following an order by Beijing because of the sale of French Mirage 2000-5 fighter jets to Taiwan. On Tuesday [29 December], China said it was also excluding French companies from all contracts related to the planned U.S.\$1 billion Guangzhou subway.

Gelenine declined to put an exact figure on the potential loss of earnings for French companies excluded from the subway project but in July, Guangzhou mayor Li Ziliu

said that France could lose as much as HK\$2 billion worth of trade by ignoring China's objections to the arms sale to Taiwan. One of the biggest potential losers is the Anglo-French group GEC-Alsthom, which was widely touted to win a U.S.\$200 million to U.S.\$300 million contract in the subway project.

France has been steadily increasing its involvement in southern China. In November, 100 delegates from French business associations, banks and major companies visited the region to investigate the possibilities for further involvement.

The Sino-French row comes only two months after Germany became the last Western European country to normalise ties with Beijing following the 1989 Tiananmen incident. Germany's Deputy Consul in Hong Kong, Dr Schaeffer, however, does not expect China to extend the "blacklist" to other European countries operating in the region. Two of the biggest German companies operating in China are Siemens and AEG, which are co-operating on the proposed Shanghai underground [subway] project.

Political & Social

Article Views Chen Yun's 'Challenge' to Deng

HK0201041493 Hong Kong CHENG MING in Chinese
No 183, 1 Jan 93 pp 16-18

[Article by Yueh Shan (1471 1472): "Chen Yun Faction Challenges Deng Xiaoping Again"]

[Text] The winter in Beijing is piercingly cold. Even though the power struggle at the 14th party congress has come to an end and the Deng Xiaoping faction has asserted its intention to boost the economy at all costs, seemingly whipping up a new surge in the economy, the struggle between two lines at the top hierarchy has not stopped; it was only at a temporary lull.

Song Renqiong Challenges Deng by Name

In early November, the lull was shattered by noises coming from the Chen Yun camp. Song Renqiong, former vice chairman of the Central Advisory Commission, challenged Deng by name on certain occasions. According to sources, Song made a half hour impromptu speech at a gathering of "old comrades-in-arms." His talk featured an assessment of Deng Xiaoping himself, views on current state policies, directions, and developments, as well as opinions regarding the Army.

Claims To Have Paid "the Price of Political Conviction"

Song Renqiong's talk shocked his audience right from the start. He said: "We are presently advancing along a new road. We are still exploring and are paying the high price of political conviction by making progress through experimentation."

Needless to say, Song meant that the current path taken by the CPC has swung out of the orbit marked by belief in Marxism-Leninism-Mao Zedong Thought. Song said: "No one can doubt that Comrade Deng Xiaoping is the principal architect of our four modernizations construction. We are stressing socialism with Chinese characteristics. But what constitutes Chinese characteristics? In my understanding, it means rectifying theoretical guidance provided by foreign doctrines and revising theoretical foundations based on foreign doctrines. Or, more precisely—as the old comrades-in-arms present are well aware—I refer to Marxism, Leninism, and the theoretical writings of Marx, Engels, and Lenin. Our entire party and entire Army respect Comrade Xiaoping for his complete loyalty and total dedication to the cause of the party and people. The creativity of Comrade Xiaoping, his leadership qualities, his sharp thinking, his boldness and resolution, his assessment of the world situation and his far-sighted vision as a strategist—all these are unparalleled within our party."

"Deng Is not a Marxist"

After giving Deng so many fine labels and praising him to high heaven, Song then said what he had wanted to say

in the first place: "However, based on my association with Comrade Xiaoping and my experience in working under his leadership, I personally think Comrade Xiaoping is not a Marxist or, at least, cannot be said to be a complete Marxist."

Song went on: "How can one be called a complete Marxist, a genuine Marxist? I cannot answer that. Was Mao Zedong a genuine Marxist? I say: Yes. More precisely, he belonged to the leftist faction of Marxism."

Song appeared to be turning simple things into mysteries. He was not clear about what constituted a "genuine" and "complete" Marxist, but described Mao as one and even added that Mao belonged to the "leftist faction" of Marxism. One cannot figure out whether he is singing praises or pronouncing censures.

Deng-Designed Blueprint Not Along Marxist Line

Song Renqiong went on: "I will not hide my views. I and some elderly comrades within the party had at one time failed to understand or agree with the direction and guidance of Comrade Deng Xiaoping's theories and ideas. We had discussions, analyses, and debates with Comrade Xiaoping. We sincerely support Comrade Xiaoping as the leader of the entire party, entire Army, and people of the entire country. Comrade Xiaoping has the respect and admiration of the entire party, entire Army, and people of the entire country because, through his long years of experience in directing the work of the party, government, and Army, he corrected the party's erroneous lines, carried out fairly important amendments to Marxism and Mao Zedong Thought, and presented new policies which were suitable to China's developmental path. But saying that the blueprint designed by Comrade Xiaoping and the policies formulated by him are guided by Marxist theories would be inconsistent with the facts. It is also contrary to Deng Xiaoping's ideas and thinking."

Song Renqiong's Ambiguous Statements Are Self-Contradictory

Some high-level sources who are familiar with Song Renqiong's statements questioned his intended message, as he claimed "not to agree very much with Deng's theories," but then said that he "sincerely supports Deng Xiaoping." He also said that Deng "corrected the party's erroneous line and made fairly important amendments to Marxism and Mao Zedong Thought," but then said that Deng's line is "not one guided by Marxist theories."

Some individuals raised the question that, with his evasive statements, Song Renqiong may have been trying to say that, while Deng Xiaoping is the representative of supreme authority in contemporary China, he is not a Marxist; nor has the reform he initiated been carried out under Marxist guidance. Can a party which claims itself to be Marxist and to be guided by Marxism-Leninism tolerate this situation?

Claims Ignorance of the So-Called "Socialist Market Economy"

In this statement, Song also aired his views on the "socialist market economy." Song said: "What is a socialist market economy? Like you, I am ignorant of this theory, about which we still have no practical experience. My guiding ideology is that: As long as our system is based on socialism led by the Communist Party, then the predominance of the public ownership system under socialism cannot be changed. The establishment of the theory of the socialist market economy was met with different views and understandings within the party which continue to exist to this day. Some comrades have asked why the word 'socialist' had to be added to the term market economy, further querying whether it represented a case of forced application or a lack of openness in thinking. Comrade Xiaoping said: 'It is feared that some comrades may find it difficult to accept.' And, because our country's structure is socialist, we have to state that we are presently engaged in a socialist type of market economy, not the capitalist type."

"The Possibility of a Setback for the Socialist Market Economy Exists"

Song clearly spelled out his views on the "socialist market economy," in which the socialist system of public ownership should be dominant. Song Renqiong also criticized the thesis on the "pure economic system," a criticism which indirectly pointed out that the "socialist market economy" implemented by the Deng faction could affect the political system. He said: "Theoretically speaking, the socialist market economy cannot be said to have been established in our country and it still needs to go through a considerable period of tests. There is hope for success as well as the possibility of setbacks. I insist on the predominance of the socialist system of public ownership. An economic system supplemented by the market economy and private ownership systems is inter-related to the political and state systems, with the three influencing one another. Either the economic system or foreign trade is restricted by the political system, state system, and state strategies. Talk of a pure economic system and pure trade are false and self-deceiving."

Song's statements caused an uproar at the top hierarchy, with some interpreting it as the Chen Yun faction's first open challenge against the Deng Xiaoping faction since the 14th party congress.

Deng Delivers Talks in Visits to Tianjin, Jinan, Other Places

Not long after Song Renqiong made his provocative statements, Deng Xiaoping once again presented his views on economic structural reform. On 28 November, accompanied by Yang Dezhi and Yu Qiuli, Deng took a special train to go south, where he visited the Army and Naval bases in Tianjin, Jinan, and Qingdao. In a meeting with the persons in charge of the Tianjing city party committee, Deng asked: "Why did the social systems in

Eastern Europe and the Soviet Union collapse? The most important element of the problem was the failure to boost the economy. If a country is to develop and win the support of its people, it must define economic construction as its central task. The western countries are no exceptions. Mr. Bush failed in his reelection bid because his opponent seized on the issue of the economy. For a fairly long period of time, our party did not handle the relationship between the superstructure and the economic foundation satisfactorily. Any ruling party which fails to deal with the country's economy adequately for a long period of time is bound to be overthrown by the people. A political party which has lost the support of the vast masses of people cannot lead the people in building the country."

"Whoever Raises the Argument Again About Being Surnamed 'Socialism' or 'Capitalism' Will Be Asked To Step Down"

In what appeared to be a retort to Song Renqiong's challenge, Deng said: "Can hegemonism and power politics change the system and direction of our country with ideology? Impossible. If we did not adhere to construction as the central task and engage in reform and opening up, I think we would have followed in the heels of Eastern Europe and the Soviet Union, with the situation being far more chaotic than it is over there."

Speaking to the persons in charge of Shandong Province in Qingdao, Deng said: "We have now entered a new phase. To us, the entire international situation features both challenges and opportunities. The key is to seize the opportunity to develop ourselves, bolster economic undertakings, and enhance comprehensive national power so that the country and the nation will have a higher status in the international community. We can no longer waste our time on debates and criticisms related to the question of being surnamed capitalism or socialism. Whoever brings this up again will be invited to leave the leading body and will not be tolerated."

Chen Yun Writes the Political Bureau To Express "Concerns"

Many people maintained that the recent talks Deng gave on economic structural reform represented a counterattack to the challenge raised by certain people within the party (or maybe by Song Renqiong) on the theoretical side. It also meant that the intra-party struggle between two lines did not end with the conclusion of the 14th party congress. But what was strange was that Chen Yun, the central character of the Chen Yun faction who had been unusually active before the 14th party congress, has yet to make an appearance since after the 14th party congress. He did, however, write a letter to the CPC Central Committee's Political Bureau in his capacity as a "old party member, old comrade, and communist fighter" on 26 October.

Chen Yun began his letter by extending "congratulations to the successful conclusion of the 14th party congress" and greetings to the new Political Bureau created at the

First Plenary Session of the 14th party congress. Then he went on to speak about his worries and "concerns." He believed that it is necessary to draw experiences and lessons from China's modern history and cultivate a strong sense of national dignity, self-confidence, and the spirit of self-development in order to promote the progress of socialist modernization. Chen Yun said: Learn from the painful lessons drawn from the recent international situation, which has been marked by the low ebb in Marxist conviction and the collapse of socialist states in the Soviet Union and Eastern Europe, and establish the general direction of serving the people and fighting for communist ideals.

Chen Yun also advanced his own views regarding the six resolutions adopted by the new Political Bureau on 20 and 21 November, which were to be considered his "personal opinions":

Chen Yun Takes Stance of Supporting Deng

1. The central authorities should consider not setting up a central advisory team or other forms of similar advisory and guiding bodies.
2. Fully supports Comrade Deng Xiaoping's suggestion, as it is extremely necessary for the Central Committee's Political Bureau to nominate and invite some old generals to take part and assist in related undertakings at the Central Military Commission.
3. Fully supports the proposals of the First Plenary Session of the 14th CPC Central Committee as well as the decisions adopted by the Political Bureau: The central authorities will continue to ask Comrade Deng Xiaoping to play a guiding role in the formulation of major guidelines, policies, and decisions of the party, government, and Army.

Asks for Abolition of his Office as Chairman of the Central Advisory Commission

4. With the conclusion of the historic mission of the Central Advisory Commission, my office staff as well as the office staff of the deputy chairmen should be dismantled automatically.
5. It is suggested that some old comrades step down at next year's Eighth National People's Congress and that, in principle, they should not retain any nominal positions or titles, while their office staffs should be dismantled.
6. The streamlining of party and government organs should start with the existing office and secretarial staffs of old comrades who have stepped down from the central to the local levels.
7. On the suitability of the lifelong tenure of military ranks for military generals in relation to the conditions in China, the central authorities should consider ways to reform it.

8. It is suggested that the press, radio, television, and propaganda departments try to cut down as much as possible on coverage of the daily activities of leading party, government, and Army cadres who have stepped down and retired.

Some people maintained that Chen Yun's expression of his support for Deng Xiaoping's continuing role in guiding the formulation of major guidelines, policies, and decisions of the party, government, and Army in his letter was merely a gesture. Following the battle at the 14th party congress, the Chen Yun faction is merely laying low at the moment and adopting a wait-and-see attitude in the hope of making a comeback once a new opportunity arises.

Important CPC Personnel All Have Huge Office Staffs

There are others who maintained that Chen Yun's suggestions about streamlining organs were not bad. A source who is familiar with the top hierarchy of the CPC revealed that the grade one central leaders of the party, government, and Army all have very big office staffs. Leaving aside the "Deng office," which has a special status, ordinary staff members would number more than 15. The former office of Li Xiannian, the late chairman of the Chinese People's Political Consultative Conference, had 31 people; the office of Vice Chairman Wang Zhen had 40 people; the office of President Yang Shangkun had 32 persons; the office of Song Renqiong, former vice chairman of the Central Advisory Commission, had 32 persons, and, because Song carries the title of general, his staff includes four Army secretaries. Those with smaller staffs include the office of Peng Zhen, which has only 8 staff members. Someone estimated that the staff members and secretaries in the offices of various leaders in the central authorities and State Council alone number more than 8,600. It is thus evident that the CPC's call for streamlining organizations and administrative reform over the years has remained thus far at the verbal stage or is simply carried out at the lower level, while certain top level personalities—some who have a position, some who do not—continue to employ vast office staffs. Can the CPC really achieve results in its reform of administrative organs?

Deng Liqun Planning 'Counterattack' Against Reforms

HK0501060393 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jan 93 p 10

[By Willy Wo-lap Lam]

[Text] Leftist commissar Mr Deng Liqun is planning a counter-attack against the reform programme of patriarch Mr Deng Xiaoping and Vice-Premier Mr Zhu Rongji. Chinese sources said Mr Deng Liqun, known to Western diplomats as "Little Deng", had collected the recent sayings of Mr Zhu in a bid to incriminate him as a "bourgeois liberal". In a series of internal talks, Little Deng also expressed doubts about the use of market economics.

The former chief of the party's Propaganda Department, is also mapping out plans for the promotion of his proteges. According to sources close to the leftist establishment, Little Deng and his advisers recently collected the speeches and internal sayings of Mr Zhu and other noted reformists. "We must raise our guard against bourgeois-liberal officials and former rightists," Little Deng reportedly said.

China-watching journal THE MIRROR [CHING PAO] reports in its forthcoming issue that Little Deng cast aspersions in internal circles on the "socialist market economy" propagated by Mr Deng Xiaoping. "We must still raise the fundamental precepts of Marxism in economic work," he reportedly said. "The market economy enabled the capitalistic system to be set up. Yet there is no scientific proof that the market economy can help socialist countries develop and prosper."

The MIRROR also reported that aside from ideological and cultural circles, Little Deng had tried to build bridges to the People's Liberation Army. He and other commissars have recently held gatherings celebrating the end of Mr Deng Xiaoping's antileftist campaign. "It is true that at the 14th Congress, a leader of the 'pro-market faction' was promoted to head economic work," Little Deng said. "However, such important departments as ideology and thoughts, higher education, propaganda and the arts, are still in the hands of comrades who are resolute Marxists."

According to a report in the January issue of the China-watching magazine, FRONTLINE [CHIEN SHAO], Little Deng is pushing the Vice-Minister of Education, Mr Zhu Kaixuan, and the party secretary of Beijing University, Ms Wang Jialiu, for more senior positions. The senior ideologue has also expressed hope that the ousted director of the PEOPLE'S DAILY [RENMIN RIBAO], Mr Gao Di, might be promoted to vice-chairman of the Chinese People's Political Consultative Conference in April. And Little Deng is manoeuvring to have protege Mr Sha Jianxun, an expert on party history, made chief editor of the PEOPLE'S DAILY.

In early winter, Little Deng became the president of the newly formed National Historical Society, which could become an operating base for the leftists. Its five vice-presidents are Mr Sha, disgraced former vice-minister of higher education Mr He Dongchang, state planner Mr Fang Weizhong, ideologue Mr You Lin, and the director of the Press and Publications Administration, Mr Song Muwen.

Journalist Favored by Deng Passed Over for Promotion

HK0201043093 Hong Kong SOUTH CHINA MORNING POST in English 2 Jan 93 p 6

[Report by Willy Wo-lap Lam]

[Text] One of patriarch Mr Deng Xiaoping's favourite journalists has been passed over for a major promotion in the Shanghai municipal government. The deputy chief

editor of the Shanghai-based LIBERATION DAILY [JIEFANG RIBAO], Zhou Ruijin, won international fame with four commentaries he organised and partially wrote in early 1991. The commentaries, under the pen name of Huangfu Ping, which translates as Deng Xiaoping speaking out at the Huangpu River, fired the first salvos for radical reform.

In a reshuffle of the city's Communist Party apparatus last month, Zhou was made a member of the ruling party committee. However, sources said the reformist journalist had been passed over for the more important position of vice-mayor in charge of culture. Instead, the director of the local Bureau of Radio and Television, Mr Gong Xueping, is slated for the job.

"Conservative commissars who still hold sway over the propaganda establishment find Zhou Ruijin threatening because of his alleged connections to Deng Xiaoping," a source in Beijing said. "Unless the big climate changes, it is unlikely Zhou will get a further promotion."

Late last year, Zhou won prestigious journalism awards offered by authorities in Shanghai and Beijing. However, the award ceremonies had been postponed because the conservative ideologues did not want to give Zhou too much exposure, the source said.

Soon after the publication of the commentaries in the spring of 1991, conservative leaders in Beijing, including Premier Mr Li Peng, criticised Huangfu Ping for "departing from the party line". Analysts in Beijing said that because Mr Deng had failed to press his "anti-leftist campaign", remnant Maoists had since November asserted themselves in the ideology and propaganda sphere.

Paper Reviews Book on 'Fighting Leftism'

HK0301033193 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 3 Jan 93 p 13

[Article from the "China Notebook" column by John Kohut in Beijing]

[Text] The book is, by Chinese standards, heresy. And that is one of the reasons why *Memorandum on Fighting Leftism* has become a hot-seller in China. This is not a book for the politically faint-hearted. The 40 liberal-minded intellectuals who contributed to this tome cite patriarch Mr Deng Xiaoping as their inspiration. They repeatedly quote Mr Deng on the need to fight leftism.

Yet Dengism—the theory that China can carry out capitalist-style reforms while leaving the Communist Party's control unquestioned—is being challenged almost as much as the neo-Maoists who tried to block the senior leader's economic restructuring agenda. Taking a cue from Mr Deng, who relaunched his economic reform drive last January by going to the provinces, the authors sought out a provincial publishing company (Shuhai, of Shanxi Province) rather than a major publisher in Beijing or one of the larger Chinese cities. And like Mr

Deng, the authors have been able to bring their ideas back to the capital, where their book is being widely read by intellectuals.

The authors clearly support Mr Deng's economic reforms. But that, they say, is not enough. A major theme which runs through these articles is that the leadership needs to permit the expression of divergent viewpoints. And they quote the world's great Marxist theoreticians, including Mao Zedong and Mr Deng, to argue their point. "Reform and opening up requires thorough liberation," writes Hu Jiwei, former chief editor of the PEOPLE'S DAILY [RENMIN RIBAO] newspaper, who fell into disgrace after the 1989 Beijing massacre. "And thought liberation requires improvement in the public opinion environment, the implementation of freedom of speech and freedom of the press as stipulated in the constitution.

"Only a class or social group in decline, which has lost all confidence in its own future, feels horror in the face of freedom of speech and a free press." Hu quotes Marx and Mao on the importance of freedom of speech, Mr Deng's remarks during his southern tour on the necessity of using the most advanced products of civilisation, including those created by capitalist countries, and cites Lenin, saying a free press is one of the great creations of capitalism.

Another intellectual, Tang Dacheng, starts off his article by quoting a 1979 missive in which Mr Deng said that art "very much needs artists who are able to bring to the fore their own creative spirit. What to write and how to write it is something which only artists can resolve". Hardliners, writes Tang, argued this was only one remark in Mr Deng's missive, and that it should not be seized on out of context. "But I would like to ask these comrades, have you ever thought, why do people applaud this part so much?" Tang writes.

He cites several examples of committed communists who, in accordance with political demands of the times, wrote about workers, peasants and soldiers, but were later denounced by ideologies for bringing into their stories such things as love and family relationships. "People wonder why great writers of fame, at home and abroad, were unable to write after the revolution, or cannot bring out good works comparable with the beauty of what they wrote previously," Tang writes. Another intellectual, Liu Xinwu, calls on would-be dictators of what people should think and say to take a cold shower.

Such ideas are not particularly new even in this country of communist authoritarian control. But to see such thoughts in print is a cause of excitement in intellectual circles. Ironically, the authors of these articles, while challenging communist orthodoxy on the need for iron-fisted control over the press, also indirectly explain why the party would be foolish to let up its hold.

For example, Hu notes Marx as well as many of the great Chinese communist revolutionaries were indebted to a relatively free press for providing them with a tool to

spread communist ideology. "History shows that capitalist press freedom was not only a powerful tool for opposing feudalism and advancing social progress and development, but also was used by the proletariat and workers to oppose the bourgeoisie," writes Hu. What Hu conveniently leaves out is any mention of the possibility that a free press in China would almost undoubtedly be used by some as a tool to fight the Communist Party. And that is something which China's leadership is not about to tolerate.

Postscript by Editor

HK0401075293 Hong Kong MING PAO in Chinese 30
Dec 92 p 7

["Special article" by staff reporter Lin Tsui-fen (2651 5050 5358): "Chief Editor of *Memorandum on Guarding Against 'Leftism'* Supports Deng Xiaoping's Thinking on Reform"]

[Text] "The old 'leftist' store may have put up 'reform' signs, but its inventory remains the same, as the shop is continuing with its retail sales without a break while awaiting the opportunity to go into wholesale." These are some of the descriptive phrases found in the introduction of *Memorandum on Guarding Against 'Leftism'*, a collection of writings from intellectual circles which was published recently in Beijing.

The chief editor of *Memorandum on Guarding Against 'Leftism'*, Zhao Shilin [6392 1102 2651], works in the Ministry of Culture's bureau of policies, laws, and regulations. In the book's postscript, he first praised the southern tour Deng Xiaoping conducted this year, pointing out that he had stopped the "leftist" counter-current which was seriously jeopardizing reforms at a critical moment, stressed once again the standards for the productive forces, and renewed the call for emancipation of the mind. Moreover, his statement about "mainly guarding against 'leftist tendencies'" pointed out the principal obstacles along the road of China's progress in more explicit terms, thus once again providing a strong spiritual driving force to advance the cause of reform.

The "postscript," which was written in August this year, said: "The task of erasing the pernicious effects and influences of 'leftist tendencies' both ideologically and organizationally remains very difficult and complicated."

Zhao Shilin noted: In the course of compiling this book, he experienced profoundly and strongly the sincere support of intellectuals for Deng Xiaoping's thinking on reform as well as their intense hatred for the influences of 'leftist tendencies.' For instance, the noted economist Yu Guangyuan—who is nearly 80 and in poor health—wrote a 10,000-character article, while the famous scholar Li Zehou—who is lecturing overseas—also sent in his article on schedule.

Zhao Shilin pointed out: "They are the most resolute supporters and most enthusiastic propagandists of Deng Xiaoping's reform thinking. Therefore, they also attract the intense hatred and most vicious slanders of the 'leftist' forces."

Publishers To Receive 'Greater Autonomy' in 1993

OW0201211993 Beijing XINHUA Domestic Service in Chinese 2114 GMT 24 Dec 92

[By reporter Qu Zhihong (2575 1807 4767)]

[Text] Beijing, 25 Dec (XINHUA)—Based on 14 years of constant readjustment and restructuring, China's information and publishing industry will continue to broaden its restructuring achievements by implementing new steps in reform and by replacing mechanisms in 1993.

For a number of reasons, the characteristics of publications have been quite ambiguous for a long time. As reform and opening up continue to proceed, publishing circles themselves, as well as society, have ultimately acknowledged the fact that publications are commodities, that publishing departments also are producers in the national economy, and that the publications market is a part of the overall socialist market. Therefore, representatives attending an ongoing national conference of directors of information and publication bureaus now agree that publishing circles should target their restructuring at gradually creating a publishing structure that is compatible with the market economy.

Song Muwen, director of the State Press and Publications Administration, said: Over the past 14 years, publishing departments have geared their operations to market needs during the course of reform and opening up, and the market economy has been playing a positive role in developing the publishing industry. Nevertheless, the old system's shortcomings are still obstructing the development of our cause in many ways. In turn, more reforms must be carried out in two major sectors—namely, book publishing and distribution.

It has been disclosed that, in 1993, the Press and Publications Administration will readjust its control over publishing houses' publishing plans. Generally speaking, publishing houses can choose what they are going to publish, except for the small number of books whose publication has to be preapproved. The weakness and limitations of the old regulations, which rule that publishing houses must publish according to the nature of their respective specialties, have become increasingly conspicuous. Last July, the Press and Publications Administration broadened the scope of publications for publishers of science and technology books. On the premise of ensuring the division of specialized responsibilities, all publishing houses will from now on be allowed to publish books relevant to their respective specialties according to readers' needs and their own resources. Moreover, publishing units will enjoy greater autonomy with regard to setting book prices, using capital, and setting wage scales. As much as their

resources permit, publishing units also can operate as enterprises in order that, instead of simply being publishers, they can gradually become business operators as well as publishers.

The control over book distribution also will be substantially restructured. The main point of the restructuring is to open wholesale channels for books. Following approval, all state- and collectively-operated bookstores other than the Xinhua Bookstore will be allowed to handle secondary wholesales of books. Units having the authority to handle overall book distribution may make a two-way choice [shuang xiang xuan ze 7175 0686 6693 2344] regarding their distribution business. With the exception of books whose sales are monopolized by the state and books that are to be sold in minority and impoverished areas, book distributors will enjoy full autonomy in settling wholesale discounts so that the law of value can be applied in readjusting publishers' and distributors' economic interests. State-operated bookstores also can broaden the scope of their business, and people in society will be encouraged to set up more book marketing centers.

Legal Case Involving Press Authorities Resolved

HK0401075093 Beijing ZHONGGUO XINWEN SHE in Chinese 1022 GMT 3 Jan 93

[Report by reporter Tian Huiming (3944 1920 2494): "Chinese Press Circles' First Major Lawsuit Against Authorities Wound Up Satisfactorily"]

[Text] Beijing, 3 Jan (ZHONGGUO XINWEN SHE)—The Chinese press circles' first major lawsuit against the authorities, which had been a sensation for some time, was wound up satisfactorily at last the other day. The defendant, the State Press and Publications Administration (SPPA), agreed to restore China Chengshi [City] Publishing House [CCPH]. The plaintiff, CCPH, seeing that the demand it made in the indictment had been satisfied, requested Beijing Intermediate People's Court to withdraw its action against the SPPA.

On 1 November 1991, the SPPA issued a document declaring its decision to close down CCPH. The latter refused to accept the SPPA's decision, maintaining that the decision distorted the truth through exaggeration and the handling of the case was obviously unjust. After it appealed and made many representations to various authorities, demanding the SPPA reverse its decision and restore CCPH as soon as possible, but did not get anywhere, CCPH brought a lawsuit against the SPPA on 1 February 1992 regarding the latter's decision to close down CCPH. On 27 February 1992, the Beijing Municipal Intermediate People's Court formally filed the case for processing.

After news got around, the overseas media gave the case conspicuous coverage, calling it the "first major legal case of China's press circles." Domestically, it was also reported by the Central People's Radio Station, FAZHI RIBAO, and CHINA DAILY.

In its "Resolution on the Closing of China Chengshi Publishing House," the SPPA claimed that CCPH had the following three problems: continuing to publish large quantities of books beyond its prescribed scope of publication; seriously violating the publication control rules and selling book numbers in disguised form; publishing certain books with very problematic contents.

CCPH refused to accept the decision and gave two reasons: One, it is unfair to use a problem which occurred before the house's reregistration as one of the excuses for the closure. Two, the assessment of the problems after the reregistration of the house involved a great deal of exaggeration and distortion of facts and the handling of the case displayed a certain bias.

The predecessor of CCPH was the China City Economy and Society Publishing House, which was founded in 1987 and managed by the Chinese Academy of Social Sciences in an acting capacity. In September 1990, this publishing house was renamed CCPH and put under the jurisdiction of the Construction Ministry and the sponsorship of China Mayors' Association. The SPPA approved its reregistration.

The leadership group of CCPH did not start operating until January 1991 after the management affairs of the house were transferred from the Chinese Academy of Social Sciences to the Construction Ministry.

After the two parties to the legal case were reconciled, the Beijing Municipal Intermediate People's Court made an administrative ruling, which read: "In view of the fact that the defendant approved the restoration of CCPH and reversed its original specific administrative action, the plaintiff has requested the withdrawal of its suit and the termination of its action against administrative infringement and plea for indemnity. This request is in line with law and should be approved."

The court's ruling reads: The plaintiff, CCPH, is permitted to withdraw its lawsuit. The court costs were 80 yuan, but the actual payable amount was 40 yuan consequent to a 50 percent discount, to be borne by the Press and Publications Administration of the People's Republic of China.

XINHUA DAILY TELEGRAPH Launched 1 Jan
OW0101080693 Beijing XINHUA in English 0055
GMT 1 Jan 93

[Text] Beijing, January 1 (XINHUA)—"XINHUA DAILY TELEGRAPH", a national newspaper run by the XINHUA NEWS AGENCY, was officially launched here today.

The eight-page newspaper provides both domestic and world news dispatched by XINHUA every day, along with photographs. The stories cover a wide range of fields including politics, economy, foreign relations, military affairs, sports, science, education, culture and public health.

It also carries news extracts from central or local newspapers, broadcasting stations and television stations.

"This is the quickest way for XINHUA, China's official news agency, to help our readers follow the latest developments of national and international affairs," said Guo Chaoren, newly appointed director of XINHUA, who also vowed to further improve XINHUA's service to news media across the country and elsewhere in the world.

Domestic readers were reported to react positively to the 17 trial issues published at the end of last year, according to XINHUA officials.

Paper 'Vehicle for Propaganda'

HK0201030093 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jan 93 p 6

[By Geoffrey Crothall in Beijing]

[Text] Anyone expecting something different from China's latest daily newspaper would have been sorely disappointed yesterday. The first issue of the XINHUA DAILY TELEGRAPH bore a striking resemblance to the Communist Party's PEOPLE'S DAILY [RENMIN RIBAO] and contained nothing to suggest it would be anything more than yet another vehicle for propaganda.

The TELEGRAPH, published by the New China News Agency (NCNA) [XINHUA], even reprinted the DAILY's New Year editorial on its front page. The two newspapers both led on the same story—the text of President Mr Yang Shangkun's speech to Overseas Chinese compatriots—and both reported an NCNA interview with the head of the State Commission for Restructuring the Economy, Mr Chen Jinhua.

In a New Year message to its leaders, the TELEGRAPH stressed that one of its main tasks in the coming year would be "to further propagandise Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics". The newspaper would also report the Chinese people's success in implementing the party's basic policies, the establishment and improvement of the socialist market economy and the implementation of the tasks outlined during the 14th party congress, it said.

The TELEGRAPH will feature about half a page of sport and cultural news but will focus mainly on politics and economics, just like the PEOPLE'S DAILY. The eight-page newspaper does contain a special section for Hong Kong, Taiwan and Macao news, but the Taiwan news will consist mainly of pickups from the island's newspapers by reporters in Hong Kong because the NCNA does not have a bureau in Taipei.

Many Beijing-based newspapers will be bringing out expanded editions this year, but analysts say this is not necessarily indicative of greater press freedom. "The reason they are bringing out larger editions is so that they

can earn more advertising revenue. The editorial controls on what goes in the newspaper will remain the same," a Beijing-based journalist said.

State Said To Approve Private Amateur Radio

HK0401005193 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 50, 14 Dec 92 pp 6-7

[Article by Yang Taoyuan (2799 2711 3293): "China Approves Setting Up of Private Amateur Transceivers"]

[Text] The international contest with the biggest venue and largest number of contestants in the world is not the Olympics or the World Cup soccer games, but the world amateur sports radio contest. In each contest, contestants from all corners of the globe ride the radio waves in an intense race and are judged by their liaison results. This contest has attracted a wide spectrum of people, from King Husayn to primary school pupils. All of them, sitting properly in front of their microphones and transmitter keyboards or computer keyboards, talk to each other as equals and fairly participate in the contest on their amateur transceivers.

Recently, the State Physical Culture and Sports Commission [SPCSC] and China Amateur Radio Regulatory Committee jointly published "Provisional Regulations on the Management of Personal Amateur Transceivers," stipulating that China's radio communication amateurs may set up private amateur transceivers after examination and verification by the relevant authorities. This decision has enabled China's personal amateur radio transceivers—which sprang up in the late 1920's and were banned in 1949 for a variety of reasons—to start operating again. This means that the many radio communication amateurs in China will be able to share their knowledge with—and learn from—those who have the same interest around the world through their own private transceivers.

Undertaking Important Missions Anonymously Time and Again

The movie "The Imperishable Radio Waves" tells the story of how underground workers, risking their lives under the White terror, transmitted important messages for the CPC and received important instructions from the CPC before New China was founded. This is an honest portrayal of some progressive amateur wartime radio communicators.

The radio-related activities in China began at a time of domestic trouble and foreign invasion. Due to the special needs of military action, some upright amateur radio communicators stepped forward to take up special missions. After the War of Resistance Against Japanese Aggression broke out, some amateur radio communicators joined the "wartime service regiments" and directly participated in the anti-Japanese struggle, while many others moved to the inland areas in southwestern China.

Up to the eve of liberation, one source put the total number of amateur transceivers nationwide at over 200, while another maintained the number was over 400. In the context of the extremely backward economic and cultural conditions in old China, the forerunners of amateur radio experts used their simple, self-made equipment to transmit the call signs of China's amateur transceivers to every corner of the world. Some of them took up special wartime communication and liaison missions. A fairly large number of them later became the leaders, experts, and scholars of government departments, military units, scientific research institutions, and educational institutions in New China, making enormous contributions to the development of China's radio and electronics.

For a variety of reasons—both historical and cultural—China's history of personal amateur transceiver communication has a 30-year blank beginning with 1949.

In the 1950's—thanks to the concern of He Long, Wang Zheng [3769 6154], and some other older-generation party and state leaders—sports radio, as part of military sports, was promoted among young people all over the country and such events as rapid reception-transmission, radio engineering production, and radio direction finding were developed in the course of time. In 1958, the first collective amateur transceiver of post-liberation China, the General Station of Amateur Transceivers of China [GSATC] (with the call sign of BYIPK), was founded. Beginning in 1960, five more collective amateur transceivers were established on a trial basis in the physical culture and sports departments of Beijing Municipality and Shaanxi, Sichuan, Hunan, and Jilin provinces.

The collective amateur transceivers in New China also undertook special missions time and time again. For example, in the Paris-Moscow-Beijing World Car Relay which just finished, the GSATC bore the heavy responsibility of communication and liaison. In such important events as Antarctic research, all the mountaineering expeditions on Everest, and the expedition in Kekexili, almost all the tasks of communication and liaison were taken up entirely or partially by collective amateur transceivers in China. In 1988, Chinese, Japanese, and Nepalese mountaineers succeeded in mankind's first heroic attempt of climbing Everest twice in a row. In this event, China's collective amateur transceivers deserved the biggest credit. Just before they started scaling the peak, the mountaineers encountered complicated weather conditions when communication between the frontline base camp and the command center in Beijing was cut off. The frontline communication personnel sent an SOS to amateur radio communicators around the world via China's collective amateur transceivers. An amateur in Japan received the SOS from BYIPK, and, after the two parties communicated with one another, the Japanese friend immediately got into contact with the mountaineering command center in Beijing using international direct dial service. The concrete plan for

scaling the peak was thus confirmed, and the grand wish to scale Everest twice in a row came true.

Compared with wire communication, radio communication has many unique advantages. First, no wires need to be set up for radio communication, so it is not restricted by geographic, climatic, or environmental conditions; second, fans of radio communication can be found over a broad area, so when one of them calls for help in an emergency case, it is likely that many others will be able to receive it; third, the World Communication Organization has established a special frequency band for amateur radio operators around the world, so an SOS can be sent to fans of radio communication all over the world on this band when a disaster, danger, or other unusual situation arises. These advantages are the reason why China's collective amateur transceivers have taken up special missions time and time again in the motherland's reconstruction and have done well in performing their tasks.

Brutally Trampled Upon in Political Havoc

In the 10-year havoc of the "Cultural Revolution," China's radio sports were brutally trampled on. Though there were only six collective amateur transceivers in the whole country at that time and their scope of activity was very much restricted, they could not avoid being savagely destroyed as "He Long's black radio network for his coup attempt" and "feudalist-capitalist-revisionist stuff" after the "Cultural Revolution" began. Kang Sheng personally attended to the handling of Beijing's BY3BJ Station, which was listed as an important case. Some people were put into prison because of this.

But that was not all. In the 1960's, China's broadcast stations, including the Central Radio Station and Fujian Frontline Broadcasting Station, aired their propaganda on the seven-MHz frequency which was internationally acknowledged for the exclusive use of amateurs. This action seriously affected the normal operation of various countries' amateur transceivers and led to serious discontent among amateur radio operators in many countries.

Toward the end of the 1960's, Zhanjiang City public security detected some radio signals. As if facing a formidable enemy, they, after the source of transmission was located, drove off in their cars with sirens wailing all the way and swooped down on the target. They arrived there only to find out that a few amateur radio communicators had been conducting transmission experiments with their simple home-made equipment. They could do nothing but confiscate the transceiver and sternly forbid them from playing with radio transmitters any more.

During the "Cultural Revolution," a fairly large number of people who had been engaged in amateur radio activities before the liberation were negatively affected. Those who did not have a good political background were in most cases considered enemy agents or spies and put into prison. The communication logs they kept when their transmitting-receiving activities were going on and

some data were seriously damaged as incriminating evidence, even though they included some precious historical data about China's radio development.

Reborn in an Era of Peace and Prosperity

Reform and opening up got started in China. In September 1981, the SPCSC asked the State Council for instructions on restoring amateur transceiver activities and was given approval. In March 1982, the reestablishment of BYIPK, the amateur transceiver of the China Sports Radio Contest Association [SRCA] began.

Over the past 10 years, with the support of the SRCA and overseas amateur radio organizations and individuals, the physical culture and sports committees, science and technology associations, youth activity centers, secondary level and higher educational learning institutions, and factories in 14 provinces, municipalities, and autonomous regions across the country set up 77 collective amateur transceivers. Hundreds of fans established radio communication with hundreds of thousands of amateur transceivers in every corner of the world. They also undertook long-distance communication tasks for a series of large-scale activities and received positive comments from domestic and international personalities.

Because amateur radio communication is very popular throughout the world, and radio fans can conveniently contact and get to know one another, plus the fact that this sport has gone through a series of tribulations in China, the restoration and progress of this activity in China has attracted worldwide attention.

In 1985, China's radio stations stopped occupying amateur frequencies, a move which received positive comments from the amateur radio circles around the world.

However, because personal transceivers were never allowed in China, management regulations were never made, and the small number of collective amateur transceivers could not cater to the large numbers of amateurs, some had to make simple equipment by themselves. In the middle of the 1980's, someone in Beijing Municipality started a "Beijing Voice of Freedom" program on his self-made transmitter and was discovered and seized by the public security forces. But his behavior stemmed from his interest in amateur radio communication and ignorance of its use, so it did not constitute a crime. This incident revealed the urgent need to decontrol amateur transceivers and introduce legislation for this activity.

In March 1992, Sun Junren, president of the China Electronics Society, called a meeting of veteran amateur radio experts in Beijing. These old experts—who had taken an active part in amateur radio communication before liberation and were still working painstakingly in the cause of radio and electronics in China—explained, by referring to their own experiences, the special importance of training capable people in amateur radio communication. They all suggested that the relevant departments of the state set about decontrolling the activities of amateur transceivers as soon as possible. After the

meeting, SPCSC Minister Wu Shaozu immediately forwarded the bulletin and the opinions on decontrolling personal amateur transceivers to Zhu Rongji, chairman of the State Radio Regulatory Committee, who quickly gave his approval. With that act, this activity was reborn, and the relevant laws were promulgated.

Overtaking World Levels: Heavy Responsibility and a Long Way To Go

All developed countries around the world attach importance to the development of amateur radio communication. Japan has over 1.3 million amateur transceivers; the United States has over 470,000; and the former Soviet Union had over 5 million. The reason amateur radio transceivers are generally supported in all those countries is that they have been continuously performing feats for mankind in the past and at present.

In 1923, the amateur radio experts in the United States and France accomplished the world's first experiment on two-way shortwave radio communication cross the Atlantic Ocean, which represented the prelude to long-distance communication on shortwave radio. Over the decades, many of the technologies employed in professional radio communication were connected to the explorations and experiments in amateur radio communication. In recent years, amateur radio experts have been active in carrying out the following new projects:

- Undertaking many communication experiments which have proven the communication value of low-orbit satellites;
- Researching long-distance communication between two places on earth using the distant moon as a passive reflector;
- Extending the transmission scope of very-high-frequency waves from the visible range to the emergent Es ionosphere thousands of kilometers above the earth;
- In April 1991, the United States launched the space shuttle Atlantis. All the five astronauts of the STS-37 team on board were amateur radio experts. They cooperated with amateurs on the ground and successfully carried out mankind's first experiment on transmitting moving television pictures from the ground to the space shuttle.

The communication records of amateur transceivers have been continuously improved: In 1991, amateur radio experts in the United States succeeded in establishing direct microwave contacts between Hawaii and the continent. The record of low-power radio transmission has also been brought to the level of tens of thousands of miles per watt.

Practice has shown that permitting amateur transceiver communication is an effective way to attract vast numbers of people, especially youth, and help them resolve to dedicate themselves to science and technology and foster

a habit of painstaking study. Because transceiver amateurs have to overcome all kinds of technical difficulties in the course of setting up and improving their amateur transceivers, and the activity itself is always urging them to scale new heights on their own initiative, the activities involving radio amateurs invariably offer an endless supply of high-quality mainstay technical specialists to the country. Many top experts in military, aerospace, and electronics domains in the United States and the former Soviet Union were originally radio fans.

Though science and technology is highly developed in today's world, government departments and special communication units still do not have adequate manpower and financial resources to guarantee communication in areas hit by natural calamities and in remote and out-of-the-way regions. Because amateur radio experts are extensively distributed and have frequent activities, with the lofty spirit of cooperation and dedication consistently advocated and practiced in this sport, amateur transceivers have often become an important—or even the only—force in rescue operation communication. In recent years, in such incidents as the crossing of the Arctic Ocean, an earthquake in Guatemala, an earthquake in the former Soviet Union, and a cyclone and forest fire in the United States, amateur transceivers provided timely and effective communication services.

At present, there are only 77 collective amateur transceivers and not a single personal one in the Chinese mainland. This is quite a way behind the level of advanced countries around the world. Many of the enthusiasts are relatively well-educated, but their incomes are on the low side. Nowadays, the market price of an ordinary transceiver is nearly 10,000 yuan; even a simple, home-made one costs thousands of yuan. It is a pressing matter of the moment to consider how to develop this activity without adding to the financial burden of the amateurs and gradually establish a stable financial foundation to cover the necessary expenditures incurred in the organization and development of this activity. Besides, to promote the development of amateur radio communication in China, it is also imperative to gradually solve the following problems: that of improving the leadership organ of the SRCA and enhancing its competence in decisionmaking and efficiency, that of organizing the radio amateurs and handling our own affairs by relying on the masses, and that of making arrangements for the development and production of necessary equipment and materials.

National Symposium on Cultural Markets Held

HK0401150993 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 18 Dec 92

[Summary from poor reception] "The second national symposium on cultural markets jointly organized by the Cultural Department and cultural market administrative units opened yesterday in Haikou. Liu Zhongde, deputy Propaganda Department head and Ministry of Culture

party group secretary; Wang Houhong, Hainan Provincial CPC Committee Standing Committee member; Xin Yejiang, vice governor; and others attended the meeting. The meeting will sum up the experience of turning our country's cultural sectors toward the market over the last 10 years or so of reform and opening up" and learn from the practices of cultural markets in people's socialist countries and develop "cultural markets with Chinese characteristics."

"Liu Zhongde, deputy Propaganda Department head and Ministry of Culture party group secretary, spoke at the meeting" on cultural markets, matters about "launching theoretical study of cultural markets [words indistinct]. Party committee Standing Committee member [words indistinct] and Vice Governor Xin Yejiang gave speeches summing up Hainan Province's [words indistinct] developing" cultural markets.

China Democratic League Concludes 7-Day Congress

OW0401223893 Beijing Central People's Radio
Network in Mandarin 2230 GMT 28 Dec 92

[From the "News and Press Review" program]

[Text] The seven-day Seventh China Democratic League [CDL] National Congress closed in Beijing yesterday after completing its agenda.

Yesterday morning, the plenary session elected 225 members and 39 alternate members to form the Seventh CDL Central Committee, electing Chu Tunan as honorary chairman of the CDL Central Committee. Eighty-eight percent of the members of the new Central Committee hold senior job titles.

The session yesterday also elected 164 members to form the Third Advisory Committee of the CDL Central Committee and adopted the revised CDL Charter.

Gao Tian, executive vice chairman of the presidium of the congress, delivered the closing speech at the afternoon session. The decision of the Seventh CDL National Congress adopted at the session says: China's reform, opening up, and modernization have entered a crucial period. As a political party, the CDL should have sound mechanisms and it should function more effectively and fulfill its responsibilities.

100th Birthday of Soong Ching Ling To Be Marked

OW0401074693 Beijing XINHUA in English 0717
GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—China will hold a series of activities to commemorate the 100th anniversary of the birth of Soong Ching Ling.

Soong Ching Ling, who was born in 1893 and died in 1981, was the wife of Dr. Sun Yat-sen who led the 1911

Revolution that overthrew the Qing Dynasty (1644-1911), and honorary president of the People's Republic of China. She was also an outstanding international political activist.

According to the Soong Ching Ling Foundation (SCLF), Beijing will hold a commemoration meeting on January 27, her birthday. It will invite more than 70 of Soong's relatives and friends from overseas as well as members of societies dedicated to her memory to attend.

In addition, China will publish *Selected Works of Soong Ching Ling* and show a documentary film about her.

An exhibition on Soong's life will be held in Hong Kong next month.

The SCLF will also reward the winners of the "Soong Ching Ling Children's Literature Prize" and hold a children's meeting to commemorate "Grandmother Soong".

In addition, the "PEOPLE'S DAILY" [RENMIN RIBAO] will organize a one-month activity to honor Soong, focussing on the improvement of the quality of children's books.

'Selected Works' Published

OW0501085593 Beijing XINHUA in English 0830
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—The *Selected Works of Soong Ching Ling*, late honorary president of the People's Republic of China, has officially been published today to commemorate the 100th anniversary of her birth, which falls later this month.

Soong Ching Ling, who was born in 1893 and died in 1981, was the wife of Dr. Sun Yat-sen who led the 1911 revolution that overthrew the Qing Dynasty (1644-1911), and she was also an outstanding international political activist.

Jointly published by the Soong Ching Ling Foundation (SCLF) and the People's Publishing House, the *Selected Works of Soong Ching Ling* collects nearly 360 articles and letters written by Soong during the 1912-1981 period, said editors at a forum held here today for the publication of the *Selected Works*.

Its contents are mainly concerned with children, political affairs, women and peace, the editors said.

According to the SCLF, Soong Ching Ling wrote a large number of articles and issued many famous declarations during her lifetime, which were important documents of the history of Chinese revolution.

Fifteen Reportedly Executed for Theft, Murder

HK0401102293 Hong Kong AFP in English 0949 GMT 4 Jan 93

[Text] Beijing, Jan 4 (AFP)—Fifteen Chinese accused of theft and murder were recently executed in Beijing and the far northwestern region of Xinjiang, according to official newspapers received here Monday.

Ten men were executed on December 29 in Urumqi in the autonomous region of Xinjiang, which has a majority Moslem population. Five others were sentenced to life imprisonment, according to the December 30 edition of the Xinjiang Daily [XINJIANG RIBAO] received here Monday.

Beijing's Intermediate People's Court condemned to death five men accused of theft and murder on December 24, the Beijing Evening News said Monday. They were executed immediately after the verdict.

In Urumqi as in Beijing, the sentences were given at large public gatherings.

The number of arrests and executions in China generally increases before Chinese New Year, which falls on January 23 this year, as the authorities crackdown on law and order to avoid trouble and demonstrate the country's stability.

Beijing Police To Begin 24-Hour Patrols

HK3112052792 Beijing CHINA DAILY in English 31 Dec 92 p 3

[Report by staff reporter: "Police Step Out on 24-Hour Patrols of Beijing Streets"]

[Text] Policemen on the beat will become a common sight in Beijing from tomorrow.

About 2,000 police will patrol round-the-clock in the lanes and streets in Beijing from tomorrow, said an official from Beijing's Public Security Bureau.

The 24-hour patrols include public security officers, armed police and traffic police, said Wang Dingfeng, deputy director of the bureau.

The move is to strengthen crime prevention and offer better emergency services for the public.

Wang said the reinforced police presence is integral to Beijing's long-standing efforts to maintain social stability and create a better social environment for economic development.

Since the 1980s, chosen citizens and police patrolled the streets to maintain public order in Beijing.

But until now, police patrols in the capital have been limited to the daytime with little patrol presence at night.

Last year, some 10 major Chinese cities including Shanghai, Shenzhen and Shenyang started 24-hour

patrols. Observers said it is one of the best ways to reform the social security system and build closer relations between police and the people.

From now on, patrols will wear Sam Browne belts, walkie-talkies, handcuffs, a stick, whistle, and rope.

State Council Issues Circular on Highway Safety

OW0501101593 Beijing XINHUA Domestic Service in Chinese 2114 GMT 29 Dec 92

[Text] Beijing, 30 Dec (XINHUA)—The State Council's General Office recently issued a circular urging all localities to improve public order on highways as a way of ensuring the safety and unimpeded flow of highway traffic.

In recent years, people's governments and public security and traffic departments in all localities have done a great deal of work and adopted various measures to improve public order on the highways. This has played a positive role in attacking criminal activity which has jeopardized traffic safety, in halting the practices of arbitrarily setting up roadblocks and collecting fees, and in basically maintaining highway traffic safety and public order. Nevertheless, some areas—especially some trunk highways—are still plagued by problems related to public order. "Highway bandits and thugs" have run rampant on some highway sections, with lawbreakers frequently extorting or robbing vehicles. This has frightened the drivers, who—under great psychological stress—have grown reluctant to travel long distances. This has seriously hampered passenger and cargo transportation. Some areas have experienced traffic congestion and declining punctuality in scheduled passenger transport services. This has affected local economic development.

The "circular" urges that:

1. People's governments at all levels thoroughly implement various central policies on improving all facets of public order and treat the maintenance of law and order on highways as a major effort to promote commodity circulation and safeguard national economic construction. They should effectively improve leadership, make overall plans, focus on key areas, improve all aspects of public order, and strive to improve law and order on major highway sections in the near future;

2. Public order on highways be improved in accordance with the principle of assigning responsibility to the people in charge. People's governments at the county and township levels should sincerely assume responsibility for solving the problems of law and order on local highways. Together with higher competent departments, they should conscientiously improve public order. Public security and judicial organs should sternly fight against criminal activity that endangers traffic safety, including robbery, bodily harm, and theft. Specifically, they should thoroughly eradicate and firmly fight against

evil criminal gangs which run wild on highways, engage in racketeering, practice hooliganism, and create disturbances;

3. Attention be paid to improving public order in sections infested with "highway bandits and thugs" and that link some state arteries with provinces, prefectures, and counties. Public security organs should promptly solve major cases in which vehicles experience armed robbery, property is looted, and passengers, drivers, and attendants are killed or wounded.

The circular also urges public security organs at all levels and other law enforcement departments to mete out stern punishment against criminal activity that jeopardizes highway traffic safety. It also asks them to extensively rally the masses to help improve all aspects of public order.

Li Peng Continues Shenzhen Inspection Tour

HK0501130893 Hong Kong MING PAO in Chinese 5 Jan 93 p 2

[Dispatch from Shenzhen by staff reporter: "Li Peng, Li Ka-shing, and Others Discuss Capital Construction in Shenzhen, and Plans for Expanding Shenzhen Airport and Yantian Port"]

[Text] Premier Li Peng, who is currently inspecting Shenzhen, yesterday met a number of Hong Kong businessmen, such as Li Ka-shing, and discussed with them the problem of capital construction involving the expansion of Shenzhen's Yantian Port and Huangtian Airport.

For the first time the government-run XINHUA NEWS AGENCY yesterday released news on Li Peng's inspection tour of Shenzhen, thus verifying our exclusive report on Li Peng's Shenzhen tour, which was the main headline we carried on our important news page yesterday. The XINHUA report is as follows:

"Premier Li Peng, who is currently inspecting work in Shenzhen, visited the deep-water Yantian Port this afternoon, and met Li Ka-shing, chairman of Hong Kong Cheung Kong Group, and Li Wei-jen, who is a representative of Ng Kuang-cheng, chairman of Wharf Group Limited." (Li Wei-jen is vice chairman and executive director of Wharf Group)

"Li Peng discussed with them the matter of cooperation and investment in developing Yantian Port, and praised them for their willingness to invest in infrastructure construction on the mainland."

"The relevant persons in charge of the relevant State Council departments, Guangdong Province, Shenzhen City, and XINHUA Hong Kong Branch, attended the meeting."

According to an informed person, the key point in the report made by the Shenzhen authorities to Li Peng is the building of a large and open financial market and

expansion of Yantian Port and Shenzhen Airport, and this is also the main problem to be tackled by Li Peng during his current trip.

According to information, Li Peng has expressed basic consent on the above-mentioned problem, and during his meeting with Hong Kong businessmen last night, he mainly talked about the problem.

Information has it that since Deng Xiaoping's southern tour last year, a craze for opening up has emerged in the country; under the comprehensive opening up pattern, Shenzhen Special Economic Zone does not have much left, and in the past year, investment in the locality revealed a declining trend, therefore the Shenzhen authorities were very worried about this and, after a serious study, formulated Shenzhen's future development strategy, that is, the "century-transcending choice." It proposed that while not abandoning the long-term plan of "opening up the first border and properly managing the second border," the short-term plan should aim at opening up the financial market to promote economic development and attract foreign funds, and at the same time, through expansion of Yantian Port and Shenzhen Airport, improve the investment environment. In the past, out of considerations of balance with Hong Kong, the central authorities hesitated in the expansion of the port and airport; recently, due to the row between China and Britain, the construction of Hong Kong's new airport and container terminal no. 9 were hindered, and Beijing changed its attitude and began to support Shenzhen's plan of building the port and airport, therefore, some Shenzhen officials think that Shenzhen is the biggest beneficiary of the Sino-British row.

According to information, Shenzhen had originally suggested that the central authorities send either Jiang Zemin or Li Peng to Shenzhen to look at Shenzhen's plan on the spot. Shenzhen's intention was to secure the "imperial sword" for further development, and to obtain the support from current leaders after Deng Xiaoping nodded in confirmation. Thereafter, Beijing notified Shenzhen that Li Peng would come. Allegedly, first, Li Peng wanted to establish his own "reform and opening up" image before the convening of the National People Congress in March, and second, Li Peng is keen on Shenzhen's capital construction. Daya Bay Nuclear Power Station was his "masterpiece" when he served as the minister of power industry, whereas when the construction of Shenzhen's Huangtian Airport met financial difficulties and could not be "completed" in the previous year, a bank loan of 70 million yuan was made available by Li Peng during his visit, so as to complete the airport. Therefore, some Shenzhen officials think that Li Peng is more "practical" than Zhu Rongji in certain areas. Before the 14th Party Congress, Zhu Rongji came to inspect Shenzhen, and although the lineup was huge, not many problems were solved.

The special plane carrying Li Peng and his entourage (including He Chunlin, deputy secretary general of the

State Council and director of the Office of Special Economic Zones) landed at Shenzhen's Huangtian Airport on the evening of 3 January. Before he arrived, Xie Fei, member of the Political Bureau and party secretary of Guangdong, and others had arrived Shenzhen from Guangzhou by train, in order to greet him. That evening, the "five leadership groups" in Shenzhen, that is, party committee, government, people's congress, city committee of the Chinese People's Political Consultative Conference, and city commission for discipline inspection, jointly held a banquet in honor of Li Peng, and briefed him on work. Yesterday morning, Li Hao, party secretary of Shenzhen, and Mayor Li Youwei went to Shenzhen Guesthouse, where Li Peng was staying, to give him a detailed report on Shenzhen's development plan.

Thereafter, Li Peng and his entourage went to inspect Daya Bay Nuclear Power Station, accompanied by local officials. It has been alleged that this was the ninth time Li Peng inspected the station, which has deep connections with Li Peng, whose wife is still working for the Beijing office of the Guangdong Nuclear Power Joint Venture Company.

Yesterday, Li Peng and his entourage had lunch at Daya Bay, dropped by Yantian Port for inspection on the way back, and returned to Shenzhen City center in the evening.

According to information, Li Hao, party secretary of Shenzhen City, had served as deputy secretary general of the State Council before coming to Shenzhen, so he was familiar with Li Peng. After Zheng Liangyu, the former mayor of Shenzhen, was transferred to Jiangxi, the city's public opinion has been very critical about the city authorities, holding that Shenzhen has been complacent and conservative in recent years, and made slow progress, and that this is mainly attributable to the conservative mentality of those in power. Li Hao is very unhappy with this kind of criticism by the mass media.

After taking office, the new mayor, Li Youwei, displayed his charisma and stamina, and the allegation that Li Hao would soon step down spread very swiftly; additionally, there is the fact that the conflict between Shenzhen and Guangdong Province has not been basically solved despite some easing after the transfer of Zheng Liangyu. Therefore many people think that Li Peng's current trip will "enhance the might" of Li Hao; according to a reliable source, Li Hao's status of city party secretary will not change in the first half of this year.

It has been revealed that Li Peng and his entourage will leave Shenzhen for Zhuhai today, and that before he leaves Shenzhen, he might visit the Shenzhen Stock Exchange. Persons here think that the route of Li Peng's southern tour this time is similar to the route of Deng Xiaoping's southern tour early last year, but because of the different nature and because of Li Peng's low-key attitude, there will not emerge a "Li whirlwind." The

downward trend at the Shenzhen Stock Market yesterday was some kind of adjustment of the rise that had taken place the previous day.

Trip To 'Boost' Reforms, Credentials

HK0501031993 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jan 93 pp 1, 10

[Report by Ivan Tong and Kent Chen]

[Text] Chinese Prime Minister Mr Li Peng will today continue a visit to Shenzhen seen as a boost to market reforms as well as his own credentials as a reformist.

Mr Li's trip, which was timed for the relocation of the Shenzhen Stock Exchange to new premises, triggered a small rally on the domestic shares market.

Sources last night confirmed that Mr Li would today tour the Overseas Chinese Town in Shenzhen Bay, which features the Splendid China miniature park and a national minorities' cultural theme park, before leaving Shenzhen in the afternoon.

Yesterday, the Head of the State Council toured one of his favourite projects, the Daya Bay Nuclear Plant, which he has visited eight times before.

He also toured the Yantian Deep Water Port and discussed its development with Hong Kong tycoon Mr Li Ka-shing and a representative of Mr Peter Woo, chairman of the Wharf Group.

The official New China News Agency said Mr Li thanked the Hong Kong businessmen for being willing to invest in infrastructure projects in the mainland.

It is understood Mr Li invited the chairman of Cheung Kong and Hutchison Whampoa to dinner at the Shenzhen Government Guesthouse last night.

A Shenzhen stock exchange official said that Mr Li and other members of his Beijing entourage inspected the new trading floor and computer systems soon after their arrival on Sunday.

The A shares market, which was restricted to domestic investors, was open for full-day trading on Sunday to compensate for its Friday close for the New Year.

On the back of Mr Li's visit, the Credit Lyonnais Shenzhen A Index was driven up 6.07 percent to 2,396.36.

The stock market returned to normal yesterday with the A index slightly down and B shares in featureless trading.

"The confirmed news of Mr Li's visit is expected to spur buying interest in the market, but people here will not believe that the coming of a high-ranking official will have any long lasting effect," a Shenzhen broker said.

Security near the building was still tight yesterday, according to Shenzhen sources.

In Beijing, the Information Office of the State Council refused immediate comment on Mr Li's visit.

Spokesman for the Shenzhen government, Mr Huang Xinhua, said it was not unusual for senior leaders to visit Shenzhen because they were concerned about the development of the city.

He noted that many Chinese leaders like senior leader Mr Deng Xiaoping and party chief Mr Jiang Zemin had visited Shenzhen before.

"Such visits show that the central leaders are concerned about Shenzhen's construction and development," Mr Huang said.

Political analysts said visits by senior officials were usually significant. Mr Deng used his trip in late January and early February last year to launch a new drive for economic reform.

The result was a surge in China's economic growth to 12 percent last year, double the original target set by Mr Li, a hardline conservative.

Official media have yet to report Mr Li's trip to Shenzhen, which as China's first special economic zone pioneered Mr Deng's free market reform policies more than a decade ago.

It has been reported that China would expand its stock market experiment this year by encouraging every province to list top companies and stringing together its first national network of securities brokers.

Zhu Rongji Comments During Guangdong Inspection

HK0201063893 Hong Kong CHING CHI TAO PAO in Chinese No 49, 14 Dec 92 p 27

[Article from the "China Economic News" column: "Zhu Rongji Points Out That Structural Readjustment Has Reached a Crucial Period"]

[Text] While inspecting Guangdong some time ago, Zhou Rongji pointed out: The next three years will be the most crucial three years in the readjustment of China's economic structure, which includes industrial structure, agricultural structure, and other similar areas. What is important, however, is that the structure will eventually step up infrastructure construction. In the next three years, we should get involved in building railways, ports, docks, airports, and highways on a large scale. If we fail to do this in three years, the implementation of Deng Xiaoping's talks during his south China tour will become empty words.

On the subject of speeding up the construction of transport and communications facilities and easing the strains on transport, Zhu Rongji put forward the need to "grasp with two hands, guarantee on two sides, and bring the two initiatives into play."

Grasping with two hands means grasping current transport with one hand and grasping construction with the other. The pace of railway construction should be increased.

Guaranteeing on two sides means assuring investment in new construction while guaranteeing current production. On the production front, it is necessary to give full play to our talent in engaging in tertiary industry and developing diversified undertakings.

The two initiatives refer to giving play to the two initiatives of the central and local authorities. It is currently necessary to readjust another two initiatives, specifically, those of the Ministry of Railways and the railway bureaus. The structure should be reformed to mobilize the initiative of the upper and lower levels.

Jiang Zemin, Li Peng Welcome Paper's Anniversary

OW0101185693 Beijing XINHUA Domestic Service in Chinese 1209 GMT 27 Dec 92

[Excerpt] Beijing, 27 Dec (XINHUA)—Born in the course of reform and opening up, JINGJI RIBAO [ECONOMIC DAILY] is marking its 10th anniversary of publication today. More than 300 people of various circles in the capital attended a discussion meeting at the Great Hall of the People today to greet the 10th anniversary of the paper.

Jiang Zemin, Li Peng, Li Ruihuan, Wang Zhen, Bo Yibo, Song Renqiong, Tian Jiyun, and Li Tieying wrote inscriptions for JINGJI RIBAO. Li Peng also sent a greeting letter to the paper today. Zhu Rongji and Ding Guangen also telephoned the paper to greet its 10th anniversary.

Li Ruihuan, Tian Jiyun, Li Tieying, Li Lanqing, Chen Muhua, Lei Jieqiong, Ren Jianxin, Wang Bingqian, and Li Guixian attended the discussion meeting today. [passage omitted]

Li Peng, Others Write Inscriptions for Exhibition

OW0101185593 Beijing XINHUA Domestic Service in Chinese 1620 GMT 24 Dec 92

[By reporter Zhang Cailong (1728 2088 7893) and correspondent Zhao Decheng (6392 1795 2052)]

[Excerpt] Guangzhou, 24 Dec (XINHUA)—A national exhibition of items produced in 1992 which use international standards opened in Guangzhou today.

State Council Premier Li Peng; Vice Premier Zou Jiahua; and Wang Hanbin, vice chairman of the Standing Committee of the National People's Congress, wrote inscriptions for the exhibition.

Countries throughout the world have stressed the adoption of international standards or advanced foreign standards for their products because this is necessary and

important in enabling enterprises to sell their products in the international market. [passage omitted]

Qiao Shi Praises Television Drama on Legal System

OW0101211193 Beijing XINHUA Domestic Service in Chinese 0823 GMT 30 Dec 92

[By reporter Zhang Sutang (1728 1372 1016)]

[Excerpts] Beijing, 30 Dec (XINHUA)—Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee, today received members of the theatrical group of the television series "Judge of the Special Zone" [te qu fa guan 3676 0575 3127 1351]. He expressed the hope that comrades in literary and art circles would unite more closely with comrades in political and judicial departments. He called on comrades in political and judicial departments to take the initiative in providing materials on the legal system for literary and art circles. He called on the two sides to work with concerted efforts and make contributions to publicizing the building of a socialist legal system. [passage omitted]

After hearing their report, Qiao Shi congratulated comrades of the people's court and artists for their joint efforts in successfully completing the filming task. He said: The special economic zones [SEZ's] should stand at the forefront in carrying out political and judicial work. The SEZ's cooperation with literary and art circles in filming the television series shows that SEZ's are standing at the forefront of publicizing the legal system. The character of a judge is not easy to portray because judges should represent people's interests and the legitimate rights of litigants, and, therefore, the character must be full of righteousness and uphold justice. On the other hand, a judge must also maintain an intimate relationship with the people and must not be awe-inspiring. You have done very well in portraying this kind of image in practice.

Qiao Shi said: Television drama is a good means by which to publicize the legal system. With the airing of this film, I am convinced that there will be more and better films that depict judges, procurators, and people's policemen in the future.

Ren Jianxin, member of the Secretariat of the CPC Central Committee and president of the Supreme People's Court; Lei Jieqiong, vice chairman of the Standing Committee of the National People's Congress; and others attended the premiere.

Yang Shangkun Inscribes Hall in Inner Mongolia

OW0101234993 Beijing Central People's Radio Network in Mandarin 2230 GMT 23 Dec 92

[From the "News and Press Review" program]

[Text] The Memorial Hall of Comrade Ulanhu was completed and formally open yesterday in Hohhot City, Inner Mongolia.

The memorial hall systematically exhibits Comrade Ulanhu's glorious life and his struggles.

President Yang Shangkun inscribed the name of the memorial hall.

Sends Flowers to Veteran Soldier

OW0101185493 Beijing XINHUA Domestic Service in Chinese 1007 GMT 29 Dec 92

[By Central People's Broadcasting Station reporter Luo Guanxing (5012 6034 2502) and XINHUA reporter Liu Siyang (0491 1835 2254)]

[Excerpts] Beijing, 29 Dec (XINHUA)—Veteran soldier of the Red Army Chen Congying today happily spent her 90th birthday at the Great Hall of the People. President Yang Shangkun sent a flower basket to greet her birthday.

Chen Congying is the wife of the older generation revolutionary Ren Bishi. [passage omitted]

Sitting in the Hunan Room of the Great Hall of the People, Chen Congying today wore an octagonal cap of the Red Army. Flower baskets sent by Yang Shangkun, Wang Zhen, Zou Jiahua, and other leading comrades were placed near her. [passage omitted]

Zou Jiahua Writes Title for Reference Book

OW0101183993 Beijing XINHUA Domestic Service in Chinese 0600 GMT 29 Dec 92

[By reporter Gu Honghong (7357 3163 3163)]

[Excerpts] Beijing, 29 Dec (XINHUA)—A ceremony to mark the first publication of a large reference book entitled *100 of the Strongest Units of Various Trades in China* was held in Beijing today jointly by the State Statistics Bureau's Information Distribution Center for Enterprises of Various Trades and the Beijing Yanshan Petrochemical Corporation. [passage omitted]

Zou Jiahua, vice premier of the State Council, wrote the title for the book. [passage omitted]

Bo Yibo Writes Title for Television Series

OW0101211093 Beijing XINHUA Domestic Service in Chinese 0346 GMT 30 Dec 92

[Excerpt] Beijing, 30 Dec (XINHUA)—The videotapes of the feature-length television series "The Seething Chinese Land" [zhong hua re tu 0022 5478 3583 0960], filmed jointly by the Research Center for Noted Chinese and Foreign Figures and the Central Television Station, were recently released by Qiusuo Audio-Video Publishing House of the CPC Central Committee's Party School for sale throughout the country. Bo Yibo wrote the title for the television series. [passage omitted]

Inscribes for Philatelic Contest

OW0191224593 Beijing XINHUA Domestic Service in Chinese 1109 GMT 30 Dec 92

[By correspondent Ma Ying (7456 3841) and reporter Li Xiaojian (2621 2556 1696)]

[Excerpt] Beijing, 30 Dec (XINHUA)—In an effort to raise the level of philately among the broad masses of stamp collectors, the Henan Provincial Stamp Company, the Philatelist Society, Beijing Yadu Artificial Environment Sci-Tech Company, Hunan Stamp Printing House, and QIANNIAN DAOBAO jointly sponsored the "Yadu Cup" contest on philatelic knowledge, which recently opened in Zhengzhou. Bo Yibo, honorary president of the All-China Federation of Philatelists, wrote an inscription for the contest, which reads: "Develop the culture of philately and build spiritual civilization." [passage omitted]

Leaders Send Wreaths to Service for Late Writer

HK0101002093 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 24 Dec 92

[Excerpt] A service to bid the last farewell to the body of the late noted writer Comrade Sha Ting was held this morning at the provincial [word indistinct]. [Words indistinct] Li Ruihuan and other [words indistinct] and persons in charge of concerned departments, over 500 in total, attended the service. Yang Shangkun, Li Ruihuan, Song Renqiong, Fang Yi, Zhang Aiping and other leaders from central authorities, the provincial party committee, and government; the Central Organization Department; the Central Cultural Association; (Anxi) County Party Committee and Government, and concerned units sent wreaths. Noted writers Yang Suo, Feng Zhi, (Liu Boyu) and others sent cables of condolences. Provincial party Secretary Comrade Yang Rudai on the evening of the 23d made a special visit to Comrade Sha Ting's relatives [words indistinct].

Comrade Sha Ting was born in 1904 at (Anfang) Town, Anxian County in Sichuan Province, joined the CPC in 1927 during the White Terror, and the Leftist-Writers Association in 1932. He was famous in the leftist writers circle for his distinctive writing style in his "Shoudao," "Acting County Chief" and some other mature works, which reflect west and north Sichuan rural life. Mr Lu Shun praised him as one of the best leftist writers. [passage omitted]

Military

Success of Missile Units Attributed to Training

OW0301215093 Beijing XINHUA Domestic Service in Chinese 0614 GMT 28 Dec 92

[By correspondent Zhang Chi (1728 7459)]

[Text] Beijing, 28 Dec (XINHUA)—Realizing that military training is a basic way to improve the troops' combat effectiveness, the 2d Artillery Corps of the People's Liberation Army [PLA] has been making unremitting efforts to improve its work in this regard. Not only has it improved the quality of military training, but it also has heightened the troops' political awareness. For six years on end the corps has scored complete success in launching all types of strategic ground-to-ground missiles.

Members of corps party committee have made it a practice to set aside time each year for studying training issues, as well as the Central Military Commission's guidelines on intensifying training. At one time or another, they have set the general goal of building small but highly trained and effective strategic missile units with Chinese characteristics; devised training policies and methods that focus on technical expertise, coordination [he cheng pei tao 0678 2052 6792 1152], officer training, and the achievement of specific objectives. They also have developed a system made up of 26 sets of regulations, including training regulations. To make sure that all projects proceed within the context of training, no units under the corps have relaxed their training efforts no matter how the situations and missions have changed. In recent years the corps has committed increasingly longer hours to training and has also mustered more people to participate in training. The vast numbers of officers and men also have become increasingly enthusiastic and creative in devoting themselves to defense, to studying military art, and to improving their skills in operating weaponry. In addition to routine training and military and technical competitions, officers and men of the corps attach great importance to training under adverse conditions while carrying out combined missile-launching exercises. On some occasions, officers and men sometimes worked more than six hours in areas with temperatures as high as 49 degrees Celcius or as low as 28 degrees Celcius below zero, or in windstorms and rainstorms. They also have experience in engaging in missile launching exercises soon after travelling nonstop for several thousand kilometers. These painstaking efforts have turned them into tough fighters capable of enduring hardship.

Displaying the glorious tradition of plain living, officers and men of units under the 2d Artillery Corps also strive to adapt themselves to local situations, no matter how spartan they may be, and they strive to achieve better quality through reforms. So far they have improved nearly 30 training courses through technical competitions, training soldiers in multiple skills, reducing the number of operators, and streamlining operating procedures. Intermediate-range missile units have shortened the time needed in preparing missile launching by one-third, and sometimes by as much as one-half. Strategic missile units cherish each and every launching exercise and they also take advantage of these opportunities to examine the results of training reforms and provide collective training for brigade, regiment, and battalion

officers. This has significantly improved training efficiency. Breaking conventional rules and ignoring taboos, the vast number of officers and men have also succeeded in prolonging the lifespan of equipment and increasing the range of missiles. Their efforts to improve combat effectiveness through science and technology have resulted in the introduction of more than 1,000 successful research projects. Also, as result of applying hundreds of achievements in training, the strategic ground-to-ground missile units have modernized their training equipment and improved their overall combat effectiveness. In addition to being more mobile, they also have become more agile in launching offensives and camouflaging themselves. Central Military Commission leaders have spoken highly of the corps' success and PLA Headquarters has issued an order to commend the corps.

During military training, units under the 2d Artillery Corps always consider it a strategic task to improve training efficiency and fighting capability by improving the overall proficiency of officers. Therefore, they insist that training in military colleges and other institutions should be integrated with field training. In turn, they have built a contingent of militarily and politically proficient officers who are knowledgeable in relevant fields—a contingent that is strong, adaptable, and rationally structured. Moreover, leading organs and officers have become better commanders, trainers, and missile launching organizers as result of the various forms of collective training programs, grass-roots training, tactical exercises, fortification coordination, actual missile launching, and seminars on military and tactical operations. Thanks to hard work over the past several years, 57.2 percent of the corps' officers are college-educated and nearly one half of the military and political officers of brigades, regiments, and higher units are college-trained. These officers' successful organization of some major exercises, their preparedness, and their success in launching all types of missiles show that the corps' training programs have become more scientific, regularized, and sophisticated.

PLA Achieves 'Remarkable' Results in Training

HK0401100493 Beijing XINHUA Domestic Service in Chinese 0255 GMT 27 Dec 92

[By reporter Tan Daobo (6223 6670 0590)]

[Text] Beijing, 27 Dec (XINHUA)—In a bid to take military training as their central task, all units of the Peoples Liberation Army have scored remarkable results in military training this year.

According to a briefing given by persons in charge of the PLA General Staff Headquarters, all PLA units have basically attained this year's targets regarding the number of people taking part in military training as well as the time, content, and quality of training. Ground forces have generally scored good and better results in basic and tactical training, squadrons of both the Navy and the Air Force have overfulfilled their training targets

with results better than those last year, and the logistical support units have also attained fairly good results under the situation wherein the work load of logistical support have become heavier.

This year's military training in the whole Army is characterized by the following distinguishing features:

Firstly, close attention has been paid to the training and cultivation of cadres and backbone members with a view to enhance the quality of training of the troops. All major units have organized over 5,000 training courses on teaching methods for nearly 300,000 cadres and backbone members of various kinds, and run over 200 training classes for over 10,000 staff officers. In addition, training units have also provided training courses for over 50,000 backbone soldiers who are qualified to be promoted to the post of squad leaders.

Secondly, proceeding from the needs of actual combat, efforts are being taken to intensify the difficulty of training, and training has been reinforced on a number of difficult and weak points, as well as on some key subjects. All Army units have generally attached greater importance to tactical maneuvers with live ammunition, while many units have conducted camp and field training as well as mobile, combat, and logistical supply training.

Third, the rules and regulations of training have been carried out in a comprehensive way, and the level of our Army's standardized training enhanced. All arms of services of our Army have worked out their own training regulations and detailed implementation measures. As a result, a standardized training order is being set up step by step.

Fourth, the difficulty of training all key units has been intensified, the coordination and mobile training of mechanized forces reinforced, the clearer objective of training put forward for coastal and frontier defense forces, and the combat effectiveness of the troops enhanced.

Fifth, the Army begins to attach importance to the study of tactics under the conditions of modern wars.

Deeper 'Purge' in PLA Ranks Planned

HK0501035093 Hong Kong THE STANDARD in English 5 Jan 93 p 5

[Report by S.L. Law]

[Text] The Chinese Communist Party's Central Military Commission (CMC) has expanded its task force from 30 to 50 members, indicating the party's determination to purge even deeper into the military ranks following the ousting of the Yang brothers, Chinese military sources say.

Fearing a counter-strike by President Yang Shangkun, his half-brother General Yang Baibing and their associates, security in Zhongnanhai, the central party and government compound, remained extremely tight, a source said.

This was despite a report by the pro-Beijing Wen Wei Po newspaper that the reshuffle of Chinese military officials linked to the Yang brothers, who were stripped of their military power during last October's party congress, had been completed.

"This task force, set up after the congress, was patronised by the paramount leader Deng Xiaoping and was put under the direct leadership of party chief and CMC chairman Jiang Zemin," the source said.

"When the task force was established, it had a membership of 30 and had since been concentrating in tracing senior military officials who had a patron-client relationship with the Yang brothers."

The task force has removed at least 300 senior military officials said to be close to the ousted former CMC secretary-general Yang Baibing and President Yang.

"However, having discovered how extensive and deep-rooted the influence the brothers had cultivated in the People's Liberation Army (PLA) in the past three years, Mr Jiang decided to expand the task force to purge deeper into the PLA ranks," the source said.

The Yang brothers had been widely credited with the successful military crackdown of the 1989 Tiananmen protests.

Reshuffles of middle-ranking officers will start soon.

The source believed the reshuffle of top-ranking Yang associates was not as smooth as Wen Wei Po had claimed.

"First, the party had to mobilise several divisions of army from the Shenyang and Jinan military regions in the immediate aftermath of the party congress to areas surrounding the capital, which had been the power base of the Yangs, in an effort to ensure a smooth execution of the reshuffle," he said.

"Second, atmosphere at Zhongnanhai has been very tense since the 14th party congress.

"The extremely tight security, which has shown no signs of letting up, indicates a belief on the part of the top leadership that the Yang brothers still have enough influence in the PLA to strike back."

Military To Handle Economic Disputes

OW0301223293 Beijing XINHUA Domestic Service in Chinese 0755 GMT 29 Dec 92

[Text] Beijing, 29 Dec (XINHUA)—According to JIEFANGJUN BAO reporters Yang Yanxiang and Zhang Rousang, the military will test a new project next

year. Beginning 1 January, military courts will try handling economic disputes in which the litigants on both sides are military units.

According to incomplete statistics, there are now in the Armed Forces more than 10,000 production units and business operators, including hundreds of registered enterprises. As economic activity has become increasingly frequent, economic disputes between military units or between military and civilian units have also increased noticeably. Statistics from one major unit show that since 1985, more than 800 cases of economic disputes occurred within the unit alone, and these cases involved more than 570 million yuan. Since 1989, some military courts, with the concurrence of the Supreme People's Court, have been handling cases of economic disputes on an experimental basis. So far, of the 98 cases they have accepted, they have finished handling 68 of them, involving as much as 16.92 million yuan. Most of the litigants have expressed satisfaction over the way their cases were handled.

The experimental project shows that military courts' involvement in handling economic disputes within the military is conducive to protecting the reputation of the military as well as litigants' legitimate rights and interests. The experiment also shows that military courts can help the promote healthy development of production and business operations in the military, heighten the concept of law among officers and men, and encourage the military to compete lawfully within the market.

Article Analyzes Increase in Military Expenditures

HK0401135593 Hong Kong CHENG MING in Chinese No 183, 1 Jan 93 pp 19-20

[Article by Chiang Yao (3068 6674): "Why Does China Increase Its Military Expenditure?"]

[Text] Military Expenditure To Be Increased by Over 20 Percent

In early December 1992, China's State Council approved a 22 percent military expenditure increase in 1993, a sum of approximately 433 billion yuan.

Over the past few months, the bargaining for greater military expenditures has gone through some ups and downs.

The Ministry of National Defense submitted a report on the 1993 defense budget to the State Council back in late September 1992 in which a 35 percent increase in the annual budget for basic national defense expenditure was required, a sum of around 48 billion yuan. At the same time, an additional allocation of \$720 million in hard currency was required for purchasing Russian aircraft and guided missile technology, and 65 percent of the financial revenues of military enterprises converted to civilian purposes was to be included in the budget as

allocation of funds outside the plan for military expenditure. The report indicated that in 1993 the Air Force would increase its military expenditure by 42 percent, and the Navy 35 percent.

The Political Bureau studied the aforesaid report and agreed to increase military expenditure by 15 percent, which was lower than the requirement of the Ministry of National Defense.

However, when Bill Clinton won the U.S. general election in early November, the Ministry of National Defense and General Staff Headquarters required once more a 35 percent increase in defense expenditure. Finally, the State Council determined a 22 percent increase, which was markedly higher than the Political Bureau's figure, but still failed to meet the Army's demand.

Importance Attached To Purchasing Russian Arms

In the trend of China increasing military expenditure, a noteworthy trend is that China attaches importance to purchasing Russian military technology and equipment.

In early November 1992, the State Council approved the military's purchase of \$1.2 billion dollars of Russian military equipment in addition to exchanging Russian military equipment and technicians for 12 billion yuan-worth of light industrial, textile, and electrical machinery products turned out by military supplies factories.

Sino-Russian Arms Deal for the Next Few Years

The Chinese Ministry of National Defense and its Russian counterpart signed an agreement on arms deals for the next few years:

Between 1993 and 1995, China is to purchase 72 Su-27 fighters (note: China ordered 24 of such planes in May 1990, and the latest batch of six was delivered in late November 1992.)

In 1993, China is to purchase four Tu-26 long-range bombers.

Between 1993 and 1995, China is to purchase 118 sets of missile systems.

In 1993, China is to purchase 70 improved T-72 tanks.

Between 1993 and 1995, China is to purchase three conventional Kilo submarines.

Under negotiation presently is the import from Russia a MiG-31 production line, manufacturing and technological rights, including production technological personnel. The sum involved in this transaction alone would be in the vicinity of \$2.5 billion.

That China has voluminously imported Russian military technicians and extended their service is already an open secret. For example, in Xian, Chengdu, and Shanghai there are 80-some instructors and technicians from the

Russian Air Force training the Chinese Air Force to master the technologies of the Su-27 and MiG-29.

At the same time, China has also sent its servicemen to Russia for their training, for example, 120 naval combat officers and technicians from the Navy's Operational Department, State Science and Technology Commission, and Naval Academy are studying, and being trained in Northern Dvinsk.

Focusing on Improving the Equipment of Air Force and Navy

Russia possesses universally-acknowledged, high-grade, precision and advanced science, technology, and military know-how. It is entirely understandable that China and Russia cooperate easily when the former needs to improve its military technological equipment and the latter needs hard currency and all sorts of goods. When Yeltsin visited China for the first time, neither China nor Russia evaded their cooperation in this arena. Beyond a doubt, Western countries are not without anxieties that China has deliberately used the "Russia card" under the backdrop that the world's attention is increasingly focusing on China.

According to a source, the Central Military Commission General Office's No.9 Document issued to all arms of the service, all services, and all military regions on 5 November 1992 explicitly indicates: The focus of reform in China's military equipment was on the Air Force and the Navy. The specific requirements are:

The Air Force should arrive at or approach the world level of the early 1990's, finalize the design of the Qian-II fighter and its mass production, and fighters and bombers need to be advanced.

The Navy should advance from the coastal seas to the ocean within eight years, while building a Naval main force with nuclear-powered submarines and Luda-II destroyers in the main.

Military strength is backed by economic strength. If China is capable of maintaining its stable economic growth, it will improve its backward arms and technology and realize the modernization of defense.

Study of Deng's Defense Theory Published

OW0501131793 Beijing XINHUA Domestic Service in Chinese 0938 GMT 31 Dec 92

[By correspondent Jiang Wenming (1203 2429 2494)]

[Text] Beijing, 31 Dec (XINHUA) —The book entitled *A Study of Deng Xiaoping's Theory of National Defense and Army Building in the New Period* was published recently.

The book published, for the first time, the complete speeches of Liu Huaqing, member of the Standing Committee of the CPC Central Political Bureau and vice chairman of the Central Military Commission, which were given at a meeting held to study Deng Xiaoping's

theory of national defense and army building during the new period. It collects more than 60 dissertations delivered at the meeting, and currently it is a relatively comprehensive and systematic study on Deng Xiaoping's theory on the ideology relating to national defense and army building during the new period. The publication of the book is of great realistic significance in comprehensively and correctly studying and understanding Deng Xiaoping's theory of national defense and army building in the new period; in enhancing an understanding of its guiding role; in grasping its spirit and essence; and in promoting the modernization of national defense, as well as the revolutionization, modernization and regularization of the Army.

The book is edited by the Academy of Military Sciences and the China Society of Military Sciences, and published and distributed by the Military Sciences Publishing House.

Xinjiang Military District Holds Congress

OW0501132993 Urumqi XINJIANG RIBAO in Chinese
20 Dec 92 p 1

[“Xinjiang Military District Holds Armymen's Congress, Elects 34 Military Delegates to Lanzhou Military Region Armymen's Congress”—XINJIANG RIBAO headline]

[Text] The Xinjiang Military District held its quinquennial armyman's congress on 17 and 18 December. Ninety-two delegates from across the military district got together and freely expressed their views on how to implement the guidelines of the 14th National Party Congress and how to strengthen army building. They elected 34 military delegates—including Fu Bingyao, Pan Zhaomin, Zhang Tongjin, and Duan Xikang—to attend an armyman's congress scheduled for early next year in the Lanzhou Military Region on behalf of the broad ranks of officers and men in the Xinjiang Military District.

Delegates to the recent congress included “veterans from highland and grass-roots units” who had fought on the front lines, leading cadres at all levels, and retired cadres, various professional and technical personnel, members of minority nationalities, and women delegates who had made remarkable contributions to army building.

During the congress, the delegates presented more than 100 opinions and suggestions on the current effort to build military-affiliated party and grass-roots organizations, military training, and logistics operations. They noted: the key to implementing the guidelines of the 14th National Party Congress and the enlarged meeting of the Central Military Commission lies in changing notions and in improving all areas of army building in accordance with the guiding principle of creating crack troops. Moreover, we should greatly promote fine traditions, preserve the true qualities of Red Army veterans, strive to further promote the “Karakorum spirit” throughout

the military district in light of troop conditions, and effectively implement the 10 fine traditions outlined by Chairman Jiang Zemin.

Military district leaders Fu Bingyao, Pan Zhaomin, Yao Tieshan, and Qu Quansheng attended and addressed the congress. They asked leaders at all levels to place high priority on the opinions and suggestions presented by the delegates, and to compare, examine, and carry them out.

Economic & Agricultural

Minister on Fast Development of Energy Industry

OW0501131693 Beijing XINHUA in English 1253
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—In 1992 China's output of coal and crude oil, and generated energy have all been increased by big margins.

Huang Yicheng, minister of energy, told a national meeting on the energy industry which opened here today that the country's coal output last year exceeded 1.11 billion tons, enjoying a net increase of 200 million tons over 1987, when the ministry was set up. At present, large and medium-sized thermal power stations have been basically ensured of fuel.

Huang said that last year the country's generated power reached 742 billion kwh, an increase of more than 10 percent over the previous year. In the past five years the newly increased installed capacity was 60 million kw, equivalent to the total installed capacity in the 30 years previous to 1980.

In 1992 the output of crude oil reached 142 million tons, while that of natural gas was 15.7 billion cu m [cubic meters]. Offshore oil accounted for 3.8 million tons, twice as much as five years ago.

As to the nuclear industry, Huang said that last year a 300,000-kw generating set was installed at the Qinshan Nuclear Power Station. The No. 1 generating set of the Daya Bay Nuclear Power Station is expected to go into operation at the end of the year, while the No. 2 set will go into operation in 1994.

He pointed out that in the past few years the energy industry has been developing faster than other industries. Although there are still a few places lacks electricity and coal, the shortage nationwide has been largely alleviated. The production, construction, supply and management of energy are now experiencing one of the best periods since the founding of New China, he affirmed.

Rural Industry Achieves ‘Marked Progress’

OW0501135193 Beijing XINHUA in English 1339
GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—China's rural industry achieved marked progress last year as its total

industrial output value topped 1.65 trillion yuan, up more than 39 percent over the previous year.

Sources from the Ministry of Agriculture said that statistics from all provinces show that total profits and taxes of rural enterprises in 1992 reached 150 billion yuan and export volume surpassed 20 billion U.S. dollars, both up more than 30 percent over 1991.

Of the total output value of township enterprises, that of industrial output increased by 40 percent, reaching 1.25 trillion yuan. Sales income as well as other forms of income increased by 38 percent, hitting 1.50 trillion yuan.

So far, township enterprises have hired more than 100 million rural laborers, four million more than the previous year.

The total rural industrial output value in Jiangsu and Shandong Provinces surpassed 200 billion yuan, while that of Zhejiang, Guangdong, Henan, Hebei and Sichuan Provinces topped 100 billion yuan.

The Ministry of Agriculture said that the total industrial output value of China's rural enterprises is expected to grow by another 20 percent, to reach two trillion yuan, this year.

Regulations on Savings Management Detailed

OW0401130293 Beijing XINHUA Domestic Service in Chinese 1137 GMT 28 Dec 92

[Text] Beijing, 28 Dec (XINHUA)—Regulations on the management of savings:

Chapter I. General Principles

Article 1. These regulations are formulated with a view to developing the savings business, protecting the legitimate rights and interests of depositors, and strengthening the management of savings.

Article 2. Savings institutions running savings businesses within the territory of China, as well as individuals savings account holders, shall abide by the provisions of these regulations.

Article 3. Savings referred to in these regulations are renminbi or foreign currency deposited by individuals in savings institutions, which in turn issue, as proof of savings, a pass book or certificate with which individuals can withdraw the principal and interest from the savings institutions, which shall pay them in accordance with the regulations.

No units or individuals are allowed to transfer public funds to savings deposits in an individual's name.

Article 4. Savings institutions referred to in these regulations are savings services at banks and credit cooperatives as well as savings services run, in accordance with the law, by postal concerns operating with the approval of the People's Bank of China and its branches.

Article 5. The state protects individual account holders' ownership rights to their savings deposits and other legitimate rights and interests; the state encourages individuals to save.

Savings institutions shall abide by the principle of "voluntary deposition, freedom of withdrawal, interest payments for savings, and the maintenance of secrecy for account holders" in providing savings services.

Article 6. The People's Bank of China manages the nation's savings.

The People's Bank of China and its branches are responsible for screening savings institutions and savings services, for coordinating and arbitrating disputes over savings services among savings institutions, for supervising and auditing the operations of savings institutions, and for correcting and punishing violations of state laws, regulations, or policy on savings.

Article 7. With approval from the State Council, the People's Bank of China may take appropriate steps to stabilize savings and protect the interests of depositors.

Article 8. Except for savings institutions, no units or individuals are allowed to run savings businesses.

Chapter II. Savings Institutions

Article 9. In setting up savings institutions, the principle of abiding by overall planning, providing convenience for the people, stressing real benefits, and ensuring safety shall be observed.

Article 10. To establish a savings institution, an application shall be submitted in accordance with relevant state regulations to the People's Bank of China or its branches for approval and a "banking business license," except as otherwise stipulated by laws or administrative regulations.

Article 11. A savings institution shall meet the following requirements:

1. The institution or organization shall have a name and a place of operation;
2. It shall have a staff of no fewer than four who are proficient in the savings business;
3. It shall provide the necessary security facilities.

Article 12. With the approval of the local branch of the People's Bank of China, savings institutions may set up savings points. Procedures for managing savings points shall be formulated by the People's Bank of China.

Article 13. Savings institutions shall observe prescribed hours of business; they are not allowed to suspend operations or shorten business hours without authorization.

Article 14. Savings institutions shall guarantee the payment of principal and interest on savings deposits; they shall not refuse to pay the principal and interest on savings deposits in violation of regulations.

Article 15. Savings institutions shall refrain using illegitimate means to attract savings deposits.

Chapter III. Savings business

Article 16. Savings institutions may offer the following types of savings services in renminbi:

1. Current savings deposits;
2. Certificates of deposit;
3. Installments time savings deposits;
4. Time savings accounts in which the principal stays while the interest is withdrawn;
5. Time savings deposits that make installment payments;
6. Time savings deposits with the convenience and benefits of current savings deposits;
7. Certificates of deposits (in renminbi) for overseas Chinese;
8. Other types of savings deposits approved by the People's Bank of China.

Article 17. With the People's Bank of China, savings institutions may offer the following savings services in foreign currencies:

1. Current savings deposits;
2. Certificates of deposits;
3. Other types of savings deposits in foreign currency approved by the People's Bank of China.

In foreign currency savings services, the principal and interest on deposits shall be paid in foreign currency.

Article 18. When taking time savings deposits, savings institutions may, in accordance with the account holder's wishes, offer the service of automatic transfer of the time savings deposits upon their maturity.

Article 19. In line with state policies on housing reform and actual needs, and with the approval of the local branch of the People's Bank of China, savings institutions may conduct housing savings business for individual account holders.

Article 20. With the approval of the People's Bank of China or its local branch, savings institutions may conduct the following financing services:

1. Selling and cashing of state treasury bonds, financial bonds, enterprise bonds, and other valuable securities for individual buyers;
2. Provision of small mortgage loans for individual account holders of time savings deposits.
3. Other banking services.

Article 21. Savings institutions may pay out wages, collect house rents and water and electricity bills, and conduct other services on behalf of customers.

Chapter IV. Savings Deposit Interest Rates, Computation

Article 22. The interest rates of savings deposits are to be drafted by the People's Bank of China and published

after approval by the State Council; or are to be formulated and published by the People's Bank of China with the authorization of the State Council.

Article 23. Savings institutions must publish quoted interest rates on saving deposits, and must not change them arbitrarily.

Article 24. The interest on a savings account withdrawn in full before it matures should be calculated and paid according to the interest rate on current savings accounts quoted on the day of withdrawal. When an account is withdrawn in part, the interest for the part withdrawn should be calculated and paid according to the interest rate on current savings accounts quoted on the day of withdrawal; and the interest for the remaining part shall be paid on the day the account matures and be calculated according to the interest rate of time savings deposits quoted on the day of deposit as stated in the deposit ticket.

Article 25. When a time savings deposit is already beyond maturity, the interest for the post-maturity period shall be calculated and paid according to the interest rate on current savings accounts quoted on the day of payment, unless otherwise stipulated in the deposit ticket on automatic transfer to another savings account on maturity of the account.

Article 26. In the event of an interest rate adjustment during the deposit period of a time savings deposit, the interest shall be calculated and paid according to the interest rate on the time savings account quoted on the day the account is opened.

Article 27. In the event of an interest rate adjustment during the deposit period of a current savings account, the interest shall be calculated and paid according to the interest rate on current savings accounts quoted on the day the interest is calculated. When current savings deposits are withdrawn in full, the interest shall be calculated and paid according to the interest rate on current savings accounts quoted on the day of settlement.

Article 28. An account holder who believes interest has not been correctly calculated and paid has the right to request the savings institution concerned for a review; and the latter should promptly act on the request to review the calculation.

Chapter V. Advance Withdrawals, Reports of Losses, Inquiries, and Transfers

Article 29. In making an advance withdrawal from a time savings deposit that has not yet matured, a depositor must produce his or her certificate of deposit and identification card; where the withdrawal is made on behalf of the depositor, the individual making the withdrawal must also produce his or her identification card.

Article 30. A certificate of deposit or pass book may come as a name-bearing or bearer instrument. The loss

of a name-bearing certificate of deposit or pass book may be reported, but that of a bearer certificate of deposit or pass book may not.

Article 31. Where a depositor loses his or her certificate of deposit, pass book, or seal kept for verification purposes, he or she must immediately make a written report to the savings institution with which the account was opened; the depositor must produce his or her identification card and furnish relevant information, such as the depositor's name, the date of opening the account, the type of savings deposit, the amount of the deposit, the account number, and the address. In extraordinary circumstances, the depositor may report the loss orally or by mail or cable; however, he or she must make a written report within five days of the loss.

After receiving the report, the savings institution must cease payments on the savings deposit. The savings institution is not liable for compensation if the savings deposit is withdrawn by another individual before the loss is reported.

Article 32. A savings institution and its staff members are responsible for keeping confidential information on a depositor's savings.

Unless otherwise provided for in state laws and administrative rules, a savings institution shall not make inquiries about, freeze, or transfer a savings deposit on behalf of a unit or an individual.

Article 33. Where an ownership dispute arises out of the transfer of a savings deposit, a savings institution shall handle transfer formalities in accordance with a legally binding verdict, ruling, or mediation decision rendered by a people's court.

Chapter VI. Legal Responsibilities

Article 34. Where a unit or an individual performs any of the following acts in violation of these regulations, the People's Bank of China or its branch may order remedial action. Depending on the severity of the circumstances, it may impose a fine, order the cessation of business for reorganization purposes, or revoke the "banking business license" in question. Where the circumstances are grave enough to constitute a crime, it may investigate criminal responsibilities.

1. Undertaking savings business without authorization;
2. Establishing a savings institution without authorization;
3. Introducing new types of savings services without authorization by a savings institution;
4. Undertaking banking services not provided for in these regulations by a savings institution;
5. Terminating business or shortening business hours without authorization;
6. Obtaining savings deposits through improper means by a savings institution;

7. Changing the interest rates for savings deposits without authorization and in violation of state provisions on interest rates;

8. Divulging information on a depositor's savings, or making inquiries about, freezing, or transferring a savings deposit without following legal procedures;

9. Other violations of state laws, regulations, and policies on savings.

Violations of the second paragraph of Article 3 of these regulations shall be punished in accordance with relevant state provisions.

Article 35. If the party concerned is not satisfied with a penalty decision, he or she may apply for reconsideration in accordance with the provisions outlined in the "Regulations Governing Administrative Reconsiderations." If he or she is not satisfied with the reconsidered decision, he or she may file a lawsuit with a people's court in accordance with the provisions outlined in the "Administrative Procedure Law of the People's Republic of China."

Article 36. If the applicant for reconsideration has failed to file a lawsuit within the prescribed period after refusing to fulfill the reconsideration decision, action shall be taken in accordance with the provisions outlined in the "Regulations Governing Administrative Reconsiderations."

Article 37. A savings institution shall assume responsibility for compensation in accordance with the law, if it causes losses through its infringement of a depositor's legitimate rights and interests in violation of relevant state provisions.

Chapter VII. Supplementary Provisions

Article 38. Interest on time savings deposits made prior to the implementation of these regulations shall be calculated in accordance with relevant state provisions for the duration of the original deposit periods.

Article 39. The People's Bank of China shall be responsible for interpreting these regulations, and it shall formulate detailed rules for implementation.

Article 40. These regulations shall take effect on 1 March 1993. The "Rules of the People's Bank of China on Savings Deposits" promulgated on 28 May 1980 shall be nullified on the same day.

Bank Official Seeks Stocks' Temporary Suspension

HK0501102093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0923 GMT 3 Jan 93

[Text] Beijing, 3 Jan (ZHONGGUO TONGXUN SHE)—Li Guixian, state councillor and president of the People's Bank of China, pointed out the other day that due to the many problems that exist when Chinese enterprises issue internal stocks, he called for the temporary suspension of internally issued stocks.

It is learned that the problems existing in the internally issued stocks are as follows: Unfair practice in stock issuance tends to encourage taking advantage of one's position to seek personal gain and cause destabilization. Quite a few enterprises have not undergone standardized transformation according to the shareholding system, and their assets have not been assessed. It is especially serious that some enterprises distribute enterprise assets to workers and staff members proportionately in the form of shares, without asking them to contribute one cent, which is tantamount to unauthorized distribution of state-owned assets. Moreover, after workers and staff members become shareholders following the issuance of internal stocks, various issues, such as how to define the rights of the general meeting of shareholders, the congress of workers and staff members, and trade union, and how to deal with the stocks if a worker or staff member quits a factory, still need to be studied seriously.

Central Authorities Warn of 'Overheated' Economy

HK0501071293 Hong Kong WEN WEI PO in Chinese
5 Jan 93 p 2

[Dispatch from Beijing by staff reporter Chen Chien-Ping (7115 1696 1627): "The Central Authorities Warn Against an Overheated Economy and Suspend the Examination and Approval of Projects for Establishing Development Zones"]

[Text] An authoritative person here disclosed that in order to guard against overheating the economies of economic development zones, the State Council has suspended examining and approving the establishment of economic development zones throughout the country. As for the new economic development zones whose establishment has already been examined and approved by the central authorities and for which no plans have yet been worked out by local authorities, the State Council calls for their reexamination and reapproval.

This person said: Since the spring of 1992, economic development throughout the country has been rapid. CPC General Secretary Jiang Zemin recently appraised the overall economic development, saying that "the situation is very good, but it is necessary to prevent it from getting overheated." The central authorities have not yet concluded whether or not the economy overall is overheated. As for the establishment of economic development zones and the development of real estate, securities, and stocks throughout the country, however, the central authorities unanimously state that they are already overheated.

This person said: In the case of establishing economic development zones, China has already established more than 15,000 square km of economic development zones with a total investment of 450 billion yuan. In view of this, for the establishment of new economic zones in the future, the central authorities must adopt macroscopic means of regulation and control. The central authorities stress that to cope with the problems in other forms of

economic development, they will not and must not use a single universal method. They will use the following assessment criteria to predict whether or not a particular place has an overheated economy: whether or not it is short of funds. The growth rates of industry and agriculture are normal if they increase within 70 percent over the previous year. [sentence as published] If their increases exceed this range, they are abnormal. Whether the growth rate of economic development derives mainly from the potential of original enterprises or from initiating new projects and items. Whether the economic growth rate includes the growth rate of heavy industry which embraces basic industries or whether it refers to the growth rate of light industry. If it refers to light industry, the economy is overheated.

Courts Experiment With Reforms in Lawsuits

HK0501052193 Beijing CHINA DAILY in English 5
Jan 93 p 3

[Report by staff reporter Chang Hong: "Courts Get to Grips With Cases in Business"]

[Text] Courts across China are experimenting with new reforms in hearing business-related lawsuits as the country shifts to a market economy.

The establishment of business dispute mediation centres in coastal regions and the opening of courts specializing in hearing foreign-related cases are among the many new approaches judges have taken in restructuring the country's legal framework.

After a slight fall in 1991, the number of business lawsuits heard by courts surged last year with 536,000 cases reported from January to November, an 11 percent increase over the same period of 1991.

The nature of business lawsuits has become increasingly sophisticated as disputes over stocks, certificates and bankruptcy displayed sharp rises, especially in dynamic economic regions like Guangdong.

"Serving economic construction has always been the guiding principle for court work in this province," said Mai Chongkai, president of the Higher People's Court of Guangdong.

As Guangdong took the lead in China to open up to the outside world, disputes arising from increased trade and economic co-operation have been large in number.

Mai said specialized courts or benches have been set up in the province in the past few years to deal with foreign-related cases.

Impartiality is stressed in hearing such cases to avoid biased rulings that would hurt the interests of either the foreign or Chinese parties concerned.

Mai said the detention of documents and properties and other security measures were rarely used in hearing such cases in order to protect the enthusiasm of overseas investors.

In Shenzhen Special Economic Zone, where the country's first business disputes arbitration centre was set up in July 1988, several changes have taken place to improve court structures, adjudication procedures and contingency of judges.

In the last four years, the arbitration centre has heard 1,800 cases involving 2.2 billion yuan of disputed assets.

A case takes an average of 16 days to be concluded in the centre, which honours immediate resolution and timely service.

Following the introduction of commercial transfer of land use rights and housing reform, a specialized court hearing disputes over real estate was set up in the city's intermediate court in January 1989.

So far, the court has agreed to hear 200 real estate lawsuits.

Another major overhaul of the intermediate court structure in Shenzhen is the establishment in December 1991 of an independent department in deciding whether lawsuits lodged are significant enough to be heard.

With litigation criterion and charges standards open to the public, the department is able to make prompt decisions on the cases filed with it.

Such a practice was actually borrowed from overseas judicial systems.

Government Builds New Port Facilities in 1992

OW0501052293 Beijing XINHUA in English 0510 GMT 5 Jan 93

[Text] Haikou, January 5 (XINHUA)—China built 99 berths in various ports in 1992, according to a national meeting on fixed capital investment in water transport held in Haikou city, in Hainan Province.

The new berths include 28 deep water and 31 medium sized berths, increasing the country's handling capacity of cargo by 32.68 million tons, and that of passengers by 4.48 million each year.

Last year the State Planning Commission approved 2.36 billion yuan (460 million U.S. dollars) for investment in water transport capital construction, 420.4 million yuan more than in 1991.

BEIJING GONGREN BAO Begins Publication

OW0501050793 Beijing XINHUA Domestic Service in Chinese 2130 GMT 29 Dec 92

[By correspondent Hu Guanya (5170 0385 0068)]

[Text] Beijing, 30 Dec (XINHUA)—BEIJING GONREN BAO [BEIJING WORKERS NEWS], a mouthpiece for 4.6 million workers in the capital, will start publication on 1 January 1993.

As the organ of the Beijing Municipal Trade Union Council, the newspaper is aimed at serving reform and opening up, the masses of workers, and work related to trade unions. The newspaper has four folio pages and is distributed twice weekly nationwide.

TV Series for Taiwan, Hong Kong, Macao Investors

OW0501075193 Beijing XINHUA Domestic Service in Chinese 0716 GMT 30 Dec 92

[Text] Beijing, 30 Dec (XINHUA)—The China Central Television Station [CCTV] and China Wencai Audio-Visual Company have recently started joint production of a special 100-part TV series, which is entitled "100 Questions for Taiwan, Hong Kong, and Macao Investors on the Mainland."

The special TV series will introduce, in a comprehensive way, the mainland's economic and trade policy and investment regulations, as well as information related to taxation, industry and commerce, banking, insurance, housing and real estate development, and patents on the mainland. After the production is completed, the TV series will be transmitted on CCTV's Program 4 via Asiasat 1 to Taiwan, Hong Kong, Macao, and Southeast Asia. The program "Sharing The Time With All The World" will be transmitted at the same time.

Scholars Discuss Socialist Market Economy

OW2712101192 Beijing QIUSHI in Chinese No. 23, 1 Dec 92 pp 27-38

[Article edited by Gong Chaowen (1362 2600 5113): "An Important Issue Concerning the Overall Situation of the Modernization Drive—Discussion Notes on Establishing a Socialist Market Economy"—first paragraph is editor's note]

[Text] Comrade Jiang Zemin pointed out unequivocally at the 14th CPC National Congress that the objective of the reform of the economic structure is to establish a socialist market economy. This is a great breakthrough made by our party in its understanding of socialist economic law, as well as a new major emancipation of the minds of the whole party. The formulation of this important policy marks a new stage of China's economic restructuring. It will surely further promote the development of productive forces in our country and make our modernization drive advance rapidly toward the objective of socialism with Chinese characteristics.

Establishing and improving a socialist market economy will be a difficult and complex feat of social systems engineering, involving many fields of the economic base and the superstructure. It is necessary to explore boldly, have the courage to practice, and sum up experiences in

a timely manner to achieve a sound structural change. The following notes in which the authors discuss their views from different angles on the establishment of a socialist market economy is published for our readers.

Socialist Market Economy and Our Mission—by Liu Guoguang [0491 0948 0342; listed in bureau records as vice president of the Chinese Academy of Social Sciences]

The 14th CPC National Congress has summed up the past, thought of the future, and thus served as a link between the past and the future. It has established a program of action for us to march toward the 21st century, and it is a very important milestone in the history of our party and the People's Republic.

The 14th Party National Congress made two exceptional contributions. One was that it has included in the CPC Constitution Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the need to persevere in the party's basic line formulated under the guidance of this theory. It has armed the whole party with this theory as a weapon and laid down a program of action for China's socialist construction. It can be compared favorably with the Seventh CPC National Congress, which included Mao Zedong's Thought in the CPC Constitution. The first generation of central leadership, with Comrade Mao Zedong at the core, integrated the basic tenets of Marxism with the concrete practice of Chinese revolution in considering the special conditions of China as a semicolonial and semifeudal country in the past; applied and developed Marxism in a creative way; and led the whole party and people of all nationalities across the country in overthrowing the three big mountains [imperialism, feudalism, and bureaucrat-capitalism], winning victories in the New Democratic Revolution, and beginning socialist construction. Now, the 14th CPC National Congress, under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, has for the first time answered more systematically such basic questions as how to build socialism and how to consolidate and develop socialism in a comparatively backward country such as China. While the 14th National Party Congress has inherited Marxism, it has also developed Marxism with new thinking and views. The great practice of last 14 years has fully proven the correctness of this theory. The theory is of inestimable historic significance in consolidating socialist achievements, bringing into play the superiority of socialism and winning new and greater victories in socialist construction.

Its second contribution was its presentation of the theory on socialist market economy. The presentation was a breakthrough in the theory of political economy, following the introduction of the theory on socialist planned commodity economy in 1984. By putting forward the theory on socialist planned commodity economy in that year, our party did away with the

traditional concept of regarding socialism and commodity economy as two opposite things. The theory greatly promoted reform and opening up, particularly the market-oriented reform, in the 1980's. After more than 10 years of reform and opening up, we have constantly enhanced our understanding of the essence of socialism, and the practice of reform and opening up has set new theoretical demands that have prompted us to put forward the theory on socialist market economy and lay down a clear and definite reform objective of establishing a socialist market economy. This marks a new period of China's economic restructuring and is of extremely great significance in accomplishing our tasks and attaining the second-step strategic objective within this century and in attaining the third-step strategic objective in the next century.

People in our theoretical circles, especially those engaged in economic theory, have a special mission in studying, disseminating, and implementing the guidelines of the 14th National Party Congress. In my opinion, they should accomplish this work in three areas.

First, they should enthusiastically disseminate theory regarding the socialist market economy. This theory deals with many new concepts, disciplines, and problems. New circumstances and contradictions will arise during the course of practice. We must work hard to study and disseminate this theory thoroughly, and we must study it well if we want to disseminate it. We cannot profess to have a clear understanding of the major tenets and practical significance of the socialist market economy. Everybody is bound by duty to varying degrees to change his mentality and to absorb new ideas on a continuous basis. Traditional views have chronically influenced and trammled us, making us lag behind the times in various degrees in one respect or another. Therefore, we should first study the theory well before proceeding to disseminate it and exchange views on it.

Second, we should actively study and investigate various facets of the market economy. The goal of building a market economy affects reforms in various fields. We still have to search for ways to accomplish these reforms in accordance with an orientation to the market economy. Take ownership structure, for example. The ownership structure in the planned economy differs from the ownership structure in the market economy. State-owned enterprises should play a leading role in market competition if they want to enter the market while remaining under administrative control. Building a market system also is a matter of great significance. A modern market economy must be subject to macroeconomic regulation and control. We need to conduct in-depth investigations and studies on the relations between the reform of macroeconomic regulation and control and the reform of financial, credit, taxation, and banking systems, as well as study the means of changing government functions.

Third, people in theoretical circles should persistently emancipate their minds and let a hundred flowers

blossom and a hundred schools of thought contend while conducting theoretical explorations and studying courses of action. A vibrant form of socialism is created by the people, not by abstract theory. We should maintain the ideological line of seeking truth from facts; this, in effect, is to uphold the principle of letting a hundred flowers blossom and a hundred schools of thought contend. When conducting investigations, people in theoretical circles should strengthen unity, learn from each other through discussions, and deal with viewpoints rather than with specific individuals. Unity can be achieved only if we treat discussions and exchanges of views as processes of summing up experience and seeking common progress. In short, people in theoretical circles should boldly emancipate their minds and exchange views in an atmosphere of unity. They should make theoretical contributions to the cause of reform and openness.

Great Significance of the "Socialist Market Economy" Proposition—by Zhang Zhuoyuan [1728 0587 0337]

During the early years of reform, we called for developing commodity production and exchanges, as well as for cherishing the role of the law of value. The October 1984 "Decision of the CPC Central Committee on Reform of the Economic Structure" confirmed the status of the socialist economy as a planned commodity economy based on public ownership. The 13th National Party Congress in 1987 advanced the famous formula of "making the state regulate the market and the market guide enterprises." The 14th National Party Congress explicitly called for building and developing a socialist market economy. Compared to previous precepts, especially the one regarding the planned commodity economy, what theoretical and practical breakthroughs and significance characterize this proposition?

First, this proposition defines the fundamental role of market economic activity, as well as the leading role of market mechanisms, in the socialist economy.

The theory governing the planned commodity economy confirms that the commodity sector is fundamental to the socialist economy. It shatters the ideological strait-jacket imposed by conventional economic theory that regards the commodity economy as incompatible with socialism. This theory has effectively promoted the drive toward deepening economic reform. It does, however, also permit different interpretations of the planned commodity economy. Some economic theorists, while discussing this issue in recent years, emphasized the commodity economy, favored market regulation over planning, and advocated market-oriented reform. Other theorists stressed planning, advocated a dominant role for the planned economy and a supplementary role for market regulation, and opposed market-oriented reform. Both interpretations contain certain elements of truth. We cannot say which interpretation alone captures the intrinsic sense of the planned commodity economy.

The proposition governing the socialist market economy specifically notes: In running the economy, we should use the market as the basis and embrace the dominant role of market regulation. Planning is primarily designed to supplement market regulation and to correct its shortcomings; it is intended to set long-range goals and provide a stable and harmonized environment for market economic development. Obviously, this type of planning can only serve guiding purposes. It fully reflects the requirements of market laws and is primarily implemented through economic means. Therefore, we should radically change the existing planning structure and our current work in planning.

Second, the proposition states that neither the planned economy nor the market economy is basically a social system. We can develop a market economy within the socialist context. Building a socialist market economy is the goal of reform.

The proposition governing the planned commodity economy retains the traditional concept that the planned commodity is a basic feature of socialism. Some people use the planned economy as a pretext to hamper efforts at deepening market-oriented reform, while others invariably link the market economy with capitalism in an attempt to block the development of a market-driven economy. In reality, these conceptions cannot stand the test of practice. We cannot use the planned economy and the market economy to differentiate between socialism and capitalism. There is planning in capitalism, and there is market regulation in socialism. Both planning and market regulation are economic means. Drawing on the ample experiences of other countries in economic development, we should achieve a conceptual breakthrough among the people, so that they will no longer see the planned and market economies as unique features of socialism and capitalism. The market economy is compatible with socialism.

To build a socialist market economy, our country should shift its economy from planning to market regulation. Planning has produced low efficiency, while market regulation can help improve efficiency. Without effecting such a shift, we cannot run the socialist economy efficiently, cannot achieve significantly higher growth rates and efficiency than in a capitalist economy, and cannot give prominence to the superiority of socialism.

Third, the proposition defines market mechanisms as the principal means for deploying our socialist country's economic resources.

The theory governing the planned commodity economy does not directly address the issue of whether planning or market regulation constitutes the principal means for deploying resources. It states that all state-owned enterprises and resources—manpower, land, mines, banks, and railways—are not commodities. Certain important production factors cannot circulate freely on the market because they are not commodities. Without the free

circulation of production factors, market mechanisms cannot perform their function of deploying resources.

In developing a socialist market economy, we should draw on the experiences of economically developed countries in using market regulation as the principal means for improving the deployment of resources and the performance of their national economies. We should make every effort to improve the deployment and utilization of our resources. The experience of other countries shows that market regulation is a fairly efficient means for deploying resources, given the growing socialization of modern production, the acceleration of scientific and technological progress, and the growing complexity of consumption patterns. This is because market mechanisms ensure the automatic movement of resources from inefficient departments and enterprises toward efficient ones. This will raise efficiency in the deployment of resources. Moreover, the market provides rather accurate information on changing, extremely complicated social demands. Specifically speaking, the market is often much more accurate than subjective planning. It will ensure fairly rational utilization of limited economic resources, and it will reduce waste and losses. More important, the use of market mechanisms to deploy resources is effected through market-based competition. Competition forces every enterprise to improve its operations, management, product quality, services, and economic results. This will encourage competition and progress. Since the introduction of reform and openness, we have moved step-by-step to decontrol the prices of certain products in favor of primarily market-based regulation. The resultant surge in commodity supplies fully illustrates the above-mentioned points.

Fourth, the development of a socialist market economy will certainly help us open wider to the outside world.

Past experience tells us that the planned economy can hardly converge with the primarily market-driven international economy. Take for example the principle of reciprocity in trade among various countries. Prices in a planned economy cannot reflect supply and demand, or the shortage of resources. Accordingly, tariff rates cannot truly reflect the extent to which a country protects its products. This will affect tariff reduction talks with countries that practice market economics. Through the development of a market economy, our country can bring its economic system, economic structure, and economic policy closer to those of countries that practice market economics. It can also achieve better results in sharing work in the international community and in competing on the market. This will help adapt economic exchanges and trade to international practices, will promote self-development amid international competition, and will bring our country into the ranks of economically developed countries in the not-so-distant future.

Providing A New Theoretical Basis for Deepening Reform—by He Jianzhang [0149 1696 4545]

In his report to the 14th National Party Congress, Comrade Jiang Zemin noted that the goal of our country's economic reform is to build a socialist market economy. This represents a new, major conceptual breakthrough on the part of our party regarding the issue of planning versus market regulation. It provides a firm theoretical basis for deepening reform in our country. This major breakthrough is primarily reflected in the following two areas:

First, we have broken away from the traditional concept that the planned economy and market economy basically belong to social systems, and that a market economy is capitalist and a planned economy is the special feature of socialism. This traditional concept has been deeply rooted, and both Marxists and bourgeois scholars believe it is true. Because of this concept, there have been differences on whether the principle of a market economy can be applied in reforming the structure of a socialist economy. Since we began reform, we have cast away the viewpoint that a planned economy and a commodity economy are incompatible; we have criticized our erroneous practice of restricting the role of the law of value and rejecting market regulation in our planning work. In our practical work, we simply transformed mandatory plans into three parts—mandatory plans, guidance plans, and market regulation. Moreover, with the deepening of reform, we gradually reduced the scope of mandatory plans; expanded the scope of guidance plans and market regulation; and gradually shifted economic management from mainly direct management to mainly indirect management in order to give full play to the role of prices, taxation, credit, and interest rates in restricting enterprises' economic activities. However, in theory we still avoided the concept of a market economy. The reason is we failed to make a breakthrough in casting aside the traditional mentality that the planned economy and market economy belong to basically different social systems. In his important remarks made at the beginning of the year, Comrade Deng Xiaoping explicitly noted that a planned economy was not socialism—there was planning under capitalism. A market economy was not capitalism—there was market regulation under socialism. Planning and market regulation were both means of controlling economic activity. Whether the emphasis was on planning or on market regulation was not the essential distinction between socialism and capitalism. This brilliant thesis has broken the traditional restrictive notion that the planned economy and market economy belong to basically different social systems, regarding the two as a means of distributing resources. Comrade Jiang Zemin said that in building a socialist market economy, we aim to make the market play a fundamental role in distributing resources under the socialist macroeconomic control of the state, make economic activity conform to the requirements of the law of value and adapt to changes in supply and demand, and make efficient the distribution of resources through competition and the lever of prices. In addition, we aim

to ensure that only the best survive by pressuring and motivating enterprises, and to bring about prompt coordination between production and demand by taking advantage of the market's strong point in being able to better reflect economic signals. This is entirely correct.

Second, we have broken away from the traditional concept that a market economy is bound to have private ownership as its foundation, and that public ownership and a market economy are incompatible. Since the Third Plenary Session of the 11th CPC Central Committee, China's economic circles made a breakthrough in freeing themselves from the traditional concept that public ownership and a commodity economy are incompatible. In 1984, the Third Plenary Session of the 12th CPC Central Committee declared our socialist economy was a planned commodity economy based on public ownership. In our practical work, we have since implemented the policy of combining a planned economy with market regulation. Practice shows that wherever the role of markets is given relatively full play, there is fairly strong economic vitality and a faster pace in economic development. However, because of the restriction of the traditional concept, acceptance by the majority of the idea of a market economy has been difficult. Internationally, Western countries have made privatization and the practice of a market economy their economic program for effecting "peaceful evolution" in socialist countries. After their transformation, the former Soviet Union and certain socialist countries in East Europe have made privatization the prerequisite for practicing a market economy. This is one of the factors hampering us from making a market economy the objective of economic structural reform in our country.

Comrade Jiang Zemin's report gave an explicit answer to this question. On the one hand, he distinguished a planned economy and a market economy from the basic system of a society, pointing out they were both a means of controlling economic activity and did not belong to basically different social systems; on the other hand, he stressed that a socialist market economy and the basic socialist system were integrated. The socialist market economy we were talking about was tied to the system of ownership—with public ownership as the predominant form of ownership—and to a distribution system with "to each according to his work" as the main form. Therefore, in a socialist market economy it is possible to overcome many defects in a capitalist market economy. In the economic operation of our country, we may simultaneously take care of both efficiency and fairness. Under socialism a market economy should be able, and is absolutely possible, to operate better than under capitalism.

Our party's conceptual breakthrough with regard to a socialist market economy will further deepen economic structural reform in our country, thereby more forcefully stimulating the development of our country's economy, especially the state-run sector of the economy.

Achieve Unity of Understanding of a Socialist Market Economy—by Yuan Baohua (5913 1405 5478)

At the party's central work meeting held at the end of 1978, Comrade Deng Xiaoping gave an important talk entitled "Emancipate Our Minds, Seek Truth From Facts, and Unite As One and Look Forward." His talk emancipated minds on a large scale. In his talks made during his tour of south China at the beginning of this year, Comrade Deng Xiaoping called on us to further emancipate our minds, be bolder in reform and opening up to the outside world, and accelerate the pace of economic construction. The talks further emancipated minds on a very large scale. Guided by his theory of building socialism with Chinese characteristics, the 14th CPC National Congress explicitly stated that the objective of our country's economic reform was to build a socialist market economy. This is an important breakthrough in the ideology, theory, and objective of reform; it marks the result of the principle that "true knowledge comes from practice."

For quite a long time we neglected commodity production and the exchange of commodities. To a large degree this was the result of the impact of Stalinist ideology. At the Second Session of the Eighth CPC National Congress held in 1958, Comrade Liu Shaoqi proposed that means of production should be exchanged as commodities. When I was assigned to work at the Ministry of Materials in 1960, I heard Comrade Liu Shaoqi propose that the ministry should be transformed into the Second Ministry of Commerce. "The Great Cultural Revolution" disrupted everything. After the "cultural revolution," we all recalled a painful experience and felt there could not be significant development in production and economy if we failed to develop a commodity economy and enliven commodity circulation. Blinded by the traditional concept, we always believed a market economy is "capitalist" in nature, and only a planned economy is "socialist" in nature. For years this has been an ideological and theoretical mistake hampering our country's economic development. The Third Plenary Session of the 11th CPC Central Committee began to correct this mistake by calling for economic development as the central task and the development of a socialist commodity economy. Practice in reform and opening up to the outside world over the 14 past years has gradually enhanced people's understanding of the relationship between planning and markets, and has constantly changed people's ideas. We began to achieve unity of understanding of a socialist market economy at the beginning of this year when Comrade Deng Xiaoping, in his talks made during his tour of south China, expounded that planning and market regulation were both means of controlling economic activity, and our objective was to build socialism.

To build a socialist market economy it is necessary to cultivate a market system and perfect the market mechanism. A socialist market should be a place for open, fair, and just competition as well as a market where there is new order. Only under these conditions can there be a

good environment for enterprises to operate. Furthermore, it is necessary to apply economic and legal means, or even necessary administrative means, to carry out reasonable administrative interference—namely, to apply “the visible hand” to regulate the macroeconomy through planning. Still more, it is necessary to apply the market mechanism and to respect the law of value—namely, to apply the “invisible hand” to regulate economic operations. Regarding the problem of an overheated economy which occurred in recent years, some people said it was caused by excessive delegation of power to enterprises. In fact, enterprises still lack vitality. The main reason is the capacity of macroeconomic control has been weakened. On one hand, the “invisible hand” has been neglected; on the other, the “visible hand” has not been fully applied. At one time there was complete chaos in our country's markets. It was caused to a large extent by the existence of the double-track price system, and by the exploitation of this system by “official speculators” and “private speculators.” Of course, price reform is a very sensitive issue; but to develop the economy and enliven the market, it is imperative to carry out price reform. Whether price reform should be carried out in one step or in several steps depends on actual conditions, and we should proceed from the reality of economic development in making this choice. We should avoid over-dependence on the “visible hand.” If we become accustomed to relying on administrative interference, and if we manage the economy by only relying on planned regulation, greater losses can hardly be avoided. To build a socialist market economy, we should appropriately apply the “visible hand” to carry out necessary administrative interference in managing the overall economy, and to handle some major issues concerning the national economy and the people's livelihood through planned regulation; however, more importantly we should sufficiently apply the law of value—the “invisible hand”—to regulate resource distribution, and should apply the functions of price levers and the mechanism of competition to achieve a basic balance between social production and social demand in order to ensure that the distribution of resources will produce the best economic results.

A socialist market economy will be able to provide a large social arena for enterprises to manifest their ability to independently manage themselves, to be responsible for their own losses and profits, to develop themselves, and to restrict themselves. In this great arena, enterprises are legal entities playing the dominant role in market competition. Moreover, they are the heroes staging the show of building a socialist market economy. To play their parts as heroes well, enterprises should consciously and constantly improve their production management ability; deepen their reform of the three internal systems; fully enhance the enthusiasm and initiative of staff members and workers; and truly transform their operating mechanisms. This old saying is still worth repeating: Enterprises should concentrate on developing new products to meet the demand of the market and

should strive to constantly enhance their ability to digest and absorb imported technologies, to develop new products, and to compete on the domestic and international markets.

In order to establish a socialist market economy, it is particularly necessary to accelerate the change of government functions and make efforts to streamline the administration. It is necessary to give enterprises all the operational decisionmaking power which belongs to them, and overcome the government's administrative interference with enterprise operations. In order to truly separate government functions from enterprise management, it is particularly necessary for everyone to seriously implement the “Enterprise Law” and “Regulations on Changing the Operational Mechanisms of State-Owned Enterprises,” speed up our country's socialist economic construction, and quickly bring our economy up to a new level.

It Is Necessary To Bring About Eight Changes—by He Guanghui [6320 0342 6540; listed in bureau records as vice minister of the State Economic Restructuring Commission]

To turn a highly centralized planned economy into a socialist market economy is a fundamental reform of China's economic structure. In order to accomplish the reform, I believe that we should mainly achieve the following eight changes:

- (1) So far as the ownership structure is concerned, single-sector public ownership, which is beyond the level of our productive forces, should be turned into multi-sector ownership, allowing diverse sectors to develop side by side and compete with one another on an equal footing, with the public sector to remain predominant and other sectors as a supplement, so as to arouse enthusiasm in all quarters and bring about the rapid development of the productive forces.
- (2) So far as the operational mechanisms of enterprises are concerned, we should turn government planned and arranged production in enterprises into production decided independently by enterprises according to market demand, so as to make enterprises truly enter the market and become independent commodity producers and dealers, who operate independently and assume sole responsibility for their profits and losses. In particular, we should take various actions to accelerate the organizational and structural readjustment of large and medium state-owned enterprises, speed up the change of their operational mode, and rebuild their operational mechanisms.
- (3) In the system of commodity circulation, we should turn the unitary, closed and incomplete market of unified state purchase, marketing, transfer and distribution into a unified, open, large, and complete socialist market (including the commodity market and production factors market) of free circulation with adequate market regulations. We should resolutely oppose departmental

barriers, regional blockades, and trade monopolies, and promote and protect fair competition.

(4) So far as the pricing system is concerned, the system of setting prices mainly by the government and regulating prices mainly by planning should be changed to the system of the setting of prices mainly by enterprises and the regulating of prices mainly by market forces. We should accelerate the pace of reforming the pricing system—this is the key to establishing a socialist market economy. In reforming the pricing system, we should take the road of “both readjustment and relaxed control, with emphasis on the latter, control over macroeconomic activities, flexibility on microeconomic activities, and implementation in stages.”

(5) So far as the social security system is concerned, the system of state funding, limited scope, and decentralized management by various departments should be changed to a system of rationally sharing the burden by the state, the collectives, and individuals, being under an unified management and meeting the needs of the whole society.

(6) So far as the government's macro-economic control is concerned, the practice of confusing government functions with enterprise management and directly managing enterprises with planning and administrative means should be changed to one of separating government functions from enterprise management and exercising indirect macro-economic control mainly with economic means and secondarily with legal means and necessary administrative means. We should further change the government's functions and deepen administrative reform to streamline organizations. The functions of the government are to make overall plans and policies, to organize and coordinate, to provide services and to supervise. At the same time, it is necessary to reform the management systems of planning, investment, finance, banking, taxation, and state property so as to establish a flexible and effective macro-control system.

(7) In opening up to the outside world, we should change the current local, limited, single-level opening to an all-directional, multi-level, and diversified opening structure commensurate with the international market standard.

(8) In readjusting national economic management and economic relations, we should do away with the previous method of relying mainly on administrative orders and policies, and should establish procedures, laws, and standards for the government to manage the economy, thus codifying economic relations under conditions of a market economy. The essence of a socialist market economy demands that we bring into full play standardized mechanisms of competition. We should regard the establishment of a complete legal system compatible with the demand of a socialist market economy as an important task for deepening and accelerating reform. At present, we should especially increase efforts to enact commercial laws such as the “corporate law,” “securities law,” and “market exchange law.” In addition, in order

to perfect China's law enforcement and judicial system, we should study issues related to the implementation of laws.

In establishing a socialist market economy from the perspective of advancing reform, we should pay close attention to the following points: 1) we should emancipate minds and seek truth from facts throughout the entire process in order to establish a socialist market economy; 2) we should adopt nationally unified reform policies while giving different kinds of guidance to various localities for advancing reform; 3) we should promote reform with legal means and gradually codify reform measures which have proved effective in order to ensure that there are laws and regulations for destroying old systems and establishing new ones; 4) we should emphasize the continuity of various reform measures, seeing to it that they support and converge with each other, and that implementation of sporadic measures to the impediment of other measures and to the detriment of reform is avoided; and 5) we should coordinate economic restructuring with reform of the political structure, of the science and technology management system, and of education.

The establishment of a socialist market economy is a complex social systems engineering project which covers a protracted process and cannot be accomplished in one stroke. However, we should realize that with the theory of building socialism with Chinese characteristics as our guide, with the experiences and achievements of the 14-year reform as the foundation, and with the enthusiasm for reform from millions upon millions of the people and their active support for the establishment of a socialist market economy, we will definitely be able to establish a socialist market economy under the party's leadership, and will carry out the economic development strategy for China's modernization drive.

Molding Qualified Main Bodies of a Market—by Sun Xiaoliang (1327 2400 5328)

In his report to the 14th CPC National Congress, Comrade Jiang Zemin explicitly stated that the objective of China's economic structural reform was to build a socialist market economy.

Four important elements are necessary for the normal operation of a market economy: 1) it is necessary to form a market environment, including visible and invisible markets; 2) there must be a qualified main body of the market; 3) it is necessary to have perfect market rules; and 4) there must be flexible and effective market regulations and control. These four elements are indispensable. Following are detailed discussions of the problems involved in molding qualified main bodies of a market.

Enterprises form the main bodies for market activity. What is meant by qualified main bodies of a market? It means enterprises competing in markets should be able to operate independently and should be responsible for their own profits and losses. If enterprises are not able to

operate independently; if they have no right to decide what to produce, how much to produce, to whom they sell their products, who should be the supplier of raw materials, and what selling and purchasing prices they should adopt; and if all these things are to be decided by a government department, it will be impossible for enterprises to compete in markets, and even more impossible for them to become qualified main bodies of a market. If an enterprise which is not able to be responsible for its own profits and losses competes in a market, irregular market behavior will certainly occur. In the past, some foreign trade corporations competed with one another domestically for raw materials by raising prices; externally they dumped their products at low prices in order to compete for markets, and never balked at the losses incurred in this way. The reason for the emergence of this abnormal market behavior is that enterprises are not able to be responsible for their own losses and profits. It is correct to say that being able to operate independently and to be responsible for profits and losses is the indispensable condition for an enterprise to be the qualified main body of a market. An important foundation-laying project in the course of building a socialist market economy is to mold state-owned enterprises into qualified main bodies of the market.

Enterprises' autonomy depends on a series of supporting systematic reforms. First, the planning system must be reformed and the overwhelming majority of mandatory production plans must be retracted to enable enterprises to decide what to produce and how much to produce according to market signals. Second, the distribution system must be reformed and the system of centralized allotment must be abolished so that all commodities, with the exception of a few special commodities, will be distributed via the market. Third, the price control system must be reformed and prices must be determined by the market and not by the government in order that prices can become symbols reflecting supply and demand, as well as levers regulating supply and demand. Fourth, the investment pattern must be reformed. Investment or investment quotas should be distributed via the market instead of through administrative channels. Also, enterprises, not the government, should be the principal investors. Fifth, the credit system should be reformed to enable enterprises to obtain capital through the market and in order that loans will not be distributed via administrative channels. Sixth, the labor and personnel system should be reformed. The system under which life-long employment and tenure are guaranteed should be replaced by contractual and hiring systems, and all personnel—whether workers, managers, or board directors—are to be appointed or replaced through market competition. Seventh, the social security system must be reformed so that jobless problems caused by the restructuring of labor and personnel system will not upset social stability.

These systematic reforms will have consequences in two areas. First, they will transfer from the government to

enterprises the right to decide on microeconomic activities, and, consequently, enterprises will enjoy their autonomy and the functions of the government will change. Second, they will promote the development of the market system by creating commodity markets and markets for items important to production. Therefore, we can say that broadening enterprises' operating autonomy, changing government functions, and creating the market system are merely the "effects" of reforms, whereas the restructuring of the relevant systems constitutes the "cause" of these "effects." We should consider these "effects" as something to be achieved and not something to be reformed.

After enterprises achieve operating autonomy, they must also be responsible for their own profits and losses to become qualified mainstay operators within the market. In fact, autonomy and responsibility for profits and losses are conditions that control one another, and neither one is dispensable. If an enterprise does not have its autonomy and all decisions are made by responsible government authorities, then there is no reason why such an enterprise should be held responsible for any arising consequences or its profits and losses. Also, if an enterprise did not have to be responsible for its profits and losses, then no "hard terms" would exist to compel enterprises to exercise their autonomy properly, and enterprises would inevitably abuse their autonomy and cause losses of state property. If our policy only underscores the autonomy of enterprises but not their responsibility for profits and losses, this policy would be one-sided and dangerous. Only those enterprises that enjoy autonomy and are responsible for their own profits and losses can become qualified mainstay operators in the market. The issue now lies in the fact that, while private enterprises and some national enterprises have experience in taking responsibility for their own profits and losses, enterprises owned by all of the people have never had any experience in this area. Therefore, we must look for a solution to the question of which specific form should be adopted.

Why is it that enterprises owned by the people have to deal with the issue of structure when they have to be responsible for their own profits and losses? We must discuss this issue in terms of what is meant by enterprises being responsible for their own profits and losses. When we say an enterprise has to be responsible for its profits, we mean that it has the right to own its assets and incomes. This is a right to which only the owner is entitled. Furthermore, when say an enterprise has to be responsible for its losses, we mean that it has to make up its operating losses with its own assets, and this is the responsibility which only the owner can undertake. Therefore, the responsibility of owing profits or making up losses is a requirement set for the owner, and this responsibility must be based on the ownership of assets. If an enterprise is not the owner, it neither has the right to own the incomes generated by somebody else's assets nor the right to pay debts with somebody else's assets. Under the socialist market economic system, not only

enterprises must hold themselves responsible for their own profits and losses, enterprises are also required to predominately uphold ownership by all of the people. This being the case, the question now is how, under the premise of upholding ownership by all of the people, to best enable enterprises to hold ownership and to be responsible for their own profits and losses on this basis.

Emulating the principles of stock ownership is the solution to this problem. Before the appearance of joint-stock enterprises, enterprises did not have the status of legal persons. Only after the introduction of the stock-owning system have our enterprises had the status of legal persons independent from capital contributors, and ownership has been separated into two parts—with the stockholders possessing the ultimate ownership and enterprises possessing legal persons' ownership; and the enterprises, being legal persons, must hold themselves responsible for their own profits and losses on the basis of their assets, and stockholders must undertake limited liability on the basis of the amount of capital each of them has contributed. We can fully use these principles to resolve problems created by ownership by all of the people while holding enterprises responsible for their own profits and losses. In other words, we should reorganize enterprises owned by all of the people into various forms of joint-stock enterprises, including limited corporations in which most stockholders are public-owned legal persons, some incorporated companies in certain specific sectors, and some incorporated companies which sell stocks publicly. These joint-stock companies hold themselves responsible for their own profits and losses on the basis of the assets of their legal persons, and the state, as a stockholder representing all of the people, will undertake limited liability for the capital contributed by each and every company. By doing this enterprises can hold themselves responsible for their own profits and losses and the ownership by all of the people will be upheld.

Many comrades now support the joint-stock system for different reasons, and the joint-stock system also has multiple functions. Nevertheless, I believe that the main purpose of reorganizing enterprises owned by all of the people into joint-stock companies is to settle the contradiction caused by ownership by all of the people and holding enterprises responsible for their own profits and losses. Only when this contradiction has been settled can enterprises owned by all of the people achieve their objective of reorganizing themselves into enterprises responsible for their own profits and losses, reverse the situation where they are confined by soft budgets, revitalize their operations, and become qualified operators in the market.

Socialist Market Economy and Commercial Reform—by Hu Ping (5170 1627)

The 14th National Congress has clearly determined the establishment of the socialist market economic system as a goal for our country's economic restructuring. This is another new theoretical breakthrough following the

"planned commodity economy," and it was put forward during the Third Plenary Session of the 12th CPC Central Committee. It bears very important significance to accelerating our country's reform, openness, and economic construction, as well as to bringing into full play the superiority of the socialist system.

Commerce is an important part of the national economy. Its fundamental function is the exchange of commodities and labor services, and it has a direct and undeniable relation with the market. Nevertheless, our country had adopted a highly centralized and unified control system for commerce for a long time. The majority of commodity exchanges were included in the scope of distributions and assignments through the administration's planning, and the state uniformly determined prices for the majority of commodities. Therefore, the market mechanism has long been restricted and repelled. This circulation system has played an undeniable historic role in stabilizing and revitalizing the national economy and in guaranteeing the basic needs for the people's survival. Following the development of the commodity economy, however, the system's negative effects have become increasingly prominent with each passing day. The fundamental reason is that it has violated the objective law for the development of the commodity economy. It has rejected, and even denied, the important role of market mechanisms in the circulation of socialist commodities. It has set planning against market mechanisms and obstructed the development of the social productive forces. In view of historical lessons, our country has attached great importance to the market's roles right from the beginning in reforming our commercial undertakings. We are continuing to expand the scope of market regulation and trying to realize an organic integration of planning and the market in an effort to bring about in-depth changes in circulation, market systems, operating mechanisms, and purchases and sales methods of our country's businesses. The total retail sales volume of social commodities for 1991 reached 941.5 billion yuan, a sixfold increase over that of 1978. The sales total was made by the following businesses: businesses owned by all of the people, 40.19 percent; collectively owned businesses, 30.02 percent; individual household and private businesses, 19.59 percent; Chinese-foreign joint businesses, 0.55 percent; and sales by peasants to non-peasants, 9.66 percent. This has reflected the principal position of publicly owned businesses and that the supplementary functions of other economic components have been brought into full play. It is obvious to all people, both domestically and internationally, that we have thriving markets and abundant commodity supplies.

First of all, to realize the goal of establishing a socialist market economic system in the 1990's, commerce departments must change their concepts in two areas. First, they must change from a planned economy to a market economy. They must further reduce the production of commodities that are controlled by planning, establish a mechanism whereby markets determine

prices, strive to gear enterprises toward markets, and strengthen the system of macroeconomic regulation and control. Second, they must change from a closed economy to an open economy. They must deepen reform and broaden their opening up to the outside world. In particular, the fact that our country is facing the prospect of being restored as a GATT signatory will bring new challenges to commercial circles. We must open up international markets for our businesses, while opening up our domestic markets to foreign businessmen. On the basis of conditionally allowing foreign businessmen to enter retail sales business, we may also consider allowing the establishment of Chinese-foreign joint wholesale enterprises, starting from Chinese-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises.

Second, it is necessary to develop large markets and participate in circulation, as well as to explore the possibility of nurturing and building a unified national market. The retail sales volume of social commodities may reach 1.08 trillion yuan this year, and is expected to top 3 trillion yuan by the end of this century. To guarantee flowing commodity circulation for such a large market, it is necessary to establish a large and unified national market and circulation system. The Commerce Ministry, in cooperation with local governments, has established several large national markets for agricultural and sideline products, including the Zhengzhou Grains and Foods Wholesale Market. It also has explored the possibility of establishing nationwide markets for industrial products through various means, such as holding the Shanghai Commodity Trade Fair, to gradually break the blockade of localities and departments, and to establish a unified national market where industries, commercial sectors, as well as Chinese-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises can participate.

Third, it is necessary to advance the leading role of state-owned commercial sectors and supply and marketing cooperatives in market competition. Conditions are currently extremely competitive in the circulation sphere because of a long-established situation featuring the coexistence of numerous economic sectors. Although state-owned commercial sectors and supply and marketing cooperatives have developed tremendously, the proportion of their sales in terms of total retail sales continues to drop while confronting the speedy development of other economic sectors. For state-owned commercial sectors and supply and marketing cooperatives to continue their leading role in the socialist market economic system, it is necessary for them to implement "one transformation, two upgrades." They should transform enterprise operating mechanisms and liberalize their operations, prices, employment system, and distribution. They should first upgrade the level of enterprise organization and develop enterprise groups through the shareholding system and joint investment methods. Chain operations may also be established for small and medium-sized enterprises to enhance their strength and

to upgrade their competitiveness. They should also upgrade the level of enterprise modernization, including modernization in management methods, facilities, and operations tactics.

Fourth, in establishing a socialist market economy, it is necessary to develop export-oriented businesses and link up domestic markets with international markets. In so doing, it is first favorable for improving the utilization of the services of international markets for domestic markets; second, it is favorable for drawing on the advanced operations, management experience, and skills of foreign enterprises; and third, it is favorable for strengthening state-owned commercial sectors and supply and marketing cooperatives. Opening to the outside world can also liberate and develop the productive force. Nevertheless, many problems still exist in this area and require solutions. For example, enterprises cannot adapt themselves to international markets, and local and foreign trade systems do not supplement one another. It is also necessary to note that after linking up domestic and international markets, some changes in international markets, such as periodic market fluctuations, will directly affect domestic markets. We should be fully prepared for this.

Finally, it is necessary for the government to transform its functions. The implementation of the market economy is not intended to reject administrative commerce departments but, rather, to ask the government to transform its functions from direct distribution of commodities and engagement in purchases, sales, and regulation of stockpiles to indirect control and indirect regulation. This is to bring into play the government's functions of guidance, regulation, services, and supervision to suit the needs of the socialist market economic system.

The Functions of Planning in the Socialist Market Economic System—by Gui Shiyong (2710 0013 6978)

The purpose of establishing a socialist market economic system is to fundamentally change the original mandatory planning economic system so the market can play a vital role in distributing resources under the state's macroeconomic regulation and control. This is an inherent requirement of the socialist economy as well as a step we must take to improve the efficiency of resource distribution and to enable economic development to grow at a higher rate and yield better results.

Does this mean planning is dispensable or should be weakened or even abolished? The answer is no. The report of the 14th CPC National Congress clearly points out that market operates under the socialist macroeconomic regulation and control of the state, and planning is one of the important means of the state's macroeconomic regulation and control. The socialist market economic system not only does not negate the use of planning, on the contrary, we should pay great attention to and make good use of planning work.

First, while the market has many merits, it also has weaknesses. Market regulation is driven by local interests; in a way, it is a spontaneous reaction, it lags in time, and is aimless. There are some things that cannot be controlled or controlled well by the market, such as selection of the strategic objectives of economic and social development, balance between total supply and demand, major structural adjustments and adjustments to the industrial setup, maintaining a balance between fairness and efficiency in distributing income, assurance of the efficiency and conditions of the market, and the protection of resources and the environment. All these call on us to use planning to make up for the deficiencies of the market, to correct the shortcomings of the market, and to help the market develop in a healthy way. Despite the restrictions imposed by the private ownership system, capitalist countries have long paid attention to making use of planning to varying extents. Therefore, it is only natural that planning should be used in the socialist market economy.

Second, there are many economic sectors in China, of which the public ownership economy is the main body and the economy of ownership by the whole people in the form of state ownership plays a dominate role. On this basis, although there are many different interested bodies, the people of the whole country share common interests and have a common cause; and it is possible for the government, which dedicates itself to serving the people, to spontaneously use economic laws to take advantage of the merits of both planning and the market, and to integrate the interests of the whole with local interests, and the current interests with long-term interests.

Third, economically, China currently is in a stage where it is trying to catch up with and to surpass other countries. On the one hand, the country has a weak economic base and limited funds supply, on the other, it can widely learn and make use of foreign technology and experiences through opening its doors to the outside world, enabling it to catch up with other countries from behind. This being the case, it might not be necessary for us to select some things we need by screening them through our own market; instead, we should, and we can, solve problems by resorting to planning and making decisions. Even better results could be achieved with a scientific decisionmaking system and if we could relate planning and decisionmaking to the use of market mechanisms in implementing policies.

Fourth, our economy is based on the public ownership system, and the public ownership economy occupies an important position in the national economy. Therefore, in addition to ordinary tax revenues, the government has a quite considerable income from state-owned assets. As a result, the financial resources under the control of our state are more than those under the control of governments of nations of the private ownership system that are at about the same economic level as China, and thus our state has a much greater ability to make direct investment and to direct and attract funds from the public. This provides necessary conditions for bringing planning into play, for deciding

resource distribution based on long-term interests and interests of the whole, for pooling all resources for solving major problems affecting the overall situation, and for optimizing industrial structure and setup at an earlier date. Comrade Deng Xiaoping said on several occasions that one of the important merits of socialism is that it enables us to consolidate our resources to accomplish a few major tasks. We should make better use of this merit under the conditions of the socialist market economic system.

Fifth, concerning those major infrastructure and industrial projects such as the Three Gorges water conservancy project, the transportation of coal from China's western region to its eastern region, the construction of new railways, and the building of the iron and steel production base with annual output at the 10-million-tonnes level cannot be all regulated by the market, because such regulation will take a very long time and we have to pay a great price. We must give full play to the role of planning and integrate planning with market mechanisms to achieve greater efficiency and economic results.

Sixth, China is a socialist country and we should prevent the division of our society into two opposing extremes and realize the goal of common prosperity. We should increase the difference in income distribution and permit some areas and people to get rich first; however, we must guard against an excessive gap in income distribution. Those areas which have become rich first should lead and assist the backward areas to gradually achieve the goal of common prosperity. Therefore, we should not only give full play to the functions of planning in income distribution for the people, but also employ the means of planning to coordinate regional economic development and provide assistance to areas resided in by people of minority nationalities and poor areas in economic development.

The abovementioned reasons have explained that, in establishing the socialist market economy system, we must employ the means of planning in a better way. The important things are that we must change our concept of planning, improve the system and work of planning, and have the content, contents, type, and methods of implementing plans suit the need of the market economy. Some of the old planning system and methods of planning cannot or will soon be unable to suit the needs of the market economy, and so we must change them in a fundamental manner. We must consciously stand on the forefront of reform, emancipate our minds, change our thinking, study hard, work in a solid manner, and let the market economy solve some of the problems. Meanwhile, we should boldly explore new fields in planning work, develop new contents and methods in planning, and have planning work reflect, promote, serve, and guide the market. We should also adopt economic policies and make comprehensive use of the economic lever to guide the market. We not only need this kind of planning but also need to greatly develop this kind of planning. The function of planning is not weakened but has found ample scope for its use and will play an even greater role in promoting economic development.

East Region

Shanghai Congress Standing Committee Meeting Ends

OW0501042493 Shanghai People's Radio Network in Mandarin 2300 GMT 25 Dec 93

[From the "Morning News" program]

[Text] The 39th meeting of the Ninth Municipal People's Congress Standing Committee ended successfully yesterday. The meeting approved, after deliberation, the agenda, schedule, and a list of candidates for members and secretary general of the Presidium of the Sixth Session of the Ninth Municipal People's Congress, as well as draft provisions for elections at the session.

According to the resolution of the National People's Congress [NPC] Standing Committee, the Sixth Session of the Ninth Municipal People's Congress should elect 70 deputies to the Eighth National People's Congress. In line with the provisions of the election law, candidates for deputies can be nominated jointly or independently by parties or organizations; or they can be nominated by the endorsement of more than 10 deputies to the municipal people's congress. Meanwhile, under the provisions of the election law, the number of candidates shall be greater than the number of deputies elected.

List of 6th Shanghai Party Committee Members

OW0501100193 Shanghai JIEFANG RIBAO in Chinese 21 Dec 92 p 1

[Namelist of members of the Sixth Shanghai Municipal CPC Committee, elected at the Sixth Shanghai Municipal CPC Congress on 20 Dec 1992; arranged in order of the number of strokes in the surname]

[Text] Wang Liping, Wang Zongguang [3769 1350 0342] (female); Wang Jiming [3769 1015 6900], Mao Yingliang, Deng Jinhua, Ye Gongqi, Bao Xinbao [0545 0207 1405], Zhu Erpei, Zhu Daren, Zhu Jiping [2612 1376 5493], Ren Huidian [0117 1798 0368], Hua Jianmin [5478 1696 2404], Qing Zhichun [1987 1807 4783], Sun Guizhang, Li Chuntao, Wu Bangguo, Wu Yigong, Yu Yongliang [0151 3057 2733], Sha Lin, Zhang Huixin [1728 1920 2450], Chen Zhili (female), Chen Liangyu [7115 5328 1342], Chen Miaofa [7115 1181 3127], Chen Suxian [7115 4790 6343] (female), Chen Tiedi (female), Lin Shunan [2651 2885 2809], Fan Deguan [5400 1795 1351], Luo Shiqian, Jin Binghua, Zhou Yupeng [0719 4416 7720] (Hui Nationality), Zhou Ruijin, Zheng Lingde (female), Meng Qingling [1322 1987 0109], Meng Jianzhu [1322 1696 2691], Hu Ruibang [5170 3843 6721], Zhao Qizheng, Zhao Dingyu [6392 1353 3768], Yao Mingbao [1202 2494 1405], Xia Keqiang, Qian Yunlong [6929 0061 7893], Ni Hongfu, Xu Wenyi, Xu Kuangdi, Xu Zhaochun, Huang Ju, Gong Xueping, Zhang Bohua [4545 0590 5478] (female), Jiang Yiren, Teng Yilong [3326 0001 7893], and Xue Mingren.

List of Alternate Members

OW0501100093 Shanghai JIEFANG RIBAO in Chinese 21 Dec 92 p 1

[Namelist of alternate members of the Sixth Shanghai Municipal CPC Committee, elected at the Sixth Shanghai Municipal CPC Congress on 20 December 1992; arranged in order of the number of votes won]

[Text] Bao Qifan [0545 6386 1581], Ling Rong, Pan Longqing [3382 7893 3237], Xu Zhiyi, Zhou Jianping [0719 0494 5493] (female), Zhou Xiaolin [0719 2556 5259], Zhu Kuangyu [2612 0562 1342], Cai Xumin [5591 2485 2404], Li Qishi [2621 0366 0013], and Han Zheng.

Li Zemin Addresses Zhejiang Party Plenum

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[“Excerpts” of a report by Comrade Li Zemin to the Eighth (Enlarged) Plenary Session of the Eighth Zhejiang Provincial CPC Committee on 11 December 1992: “Earnestly Implement the Guidelines of the 14th National Party Congress, Accelerate Reform and Opening Up, and Raise Zhejiang's Economy to a New Level in the 1990's”]

[Text] According to the decision of the standing committee of the provincial party committee, the main agenda of the Eighth (Enlarged) Plenary Session of the Eighth Provincial Party Committee is to thoroughly study and implement the guidelines of the 14th National Party Congress; to further emancipate the mind; to study and set the goals and main tasks for accelerating reform, opening up, and economic development in our province for the next period; and to make preparations for the First Session of the Eighth Provincial People's Congress scheduled for next January. Entrusted by the standing committee, I now would like to deliver a report to this session.

I. Thoroughly Study the Guidelines of the 14th National Party Congress, Arm the Entire Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics, and Further Emancipate the Mind

Comrade Jiang Zemin's work report to the 14th National Party Congress embodies the guidelines of Comrade Deng Xiaoping's important talks during his tour of southern China, as well as his consistently held ideas. It is a transcendentary program of action that leads the entire party and people across the country toward achieving a fairly comfortable standard of living—instead of just having enough food and clothing—and toward realizing our grand goals. We should continue to study thoroughly the 14th National Party Congress documents; in particular, we should earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We should fully understand its essence, emancipate our minds, change our concepts,

and heighten the conscientiousness and resolve of leading cadres at all levels in upholding the party's basic line. We should make this study our long-term future task.

1. The theory of building socialism with Chinese characteristics is a potent ideological weapon for guiding our future actions. It is a product of the linkage of basic Marxist tenets with China's reality, and the ethos of the times. It is also the crystallization of the entire party's wisdom. Comrade Deng Xiaoping made major historic contributions toward initiating this theory. The theory is a potent ideological weapon for unifying the whole party's thinking and for guiding future reform and development. Our current study of Marxism is essentially to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The key to studying Comrade Deng Xiaoping's theory lies in understanding the quintessence of the concept of seeking truth from facts, in closely integrating practical work with the actual state of thinking, in emancipating the mind, in changing our mentality and renewing our concepts, and in firmly establishing the norm of "being conducive to the three causes." [From Jiang Zemin's report to the 14th congress: developing the productive forces of socialist society, increasing the overall strength of socialist society, and improving the people's living standards] The practices of emancipating the mind and seeking truth from facts are related. In emancipating their minds and changing their mentality, leading cadres at all levels should first uphold the concept of making practice the primary approach; implement the important principle of making practice the sole criterion of truth in practical work; and abolish the rigid concept of simply following what superiors or books say instead of acting according to reality. We should boldly shatter the old "leftist" ideological constraints that have trammled us over the years, and stop bothering ourselves with abstract debates over "capitalism" and "socialism." As long as our work meets the norm of "being conducive to the three causes," we should boldly carry out experiments, blaze new trails, and conduct explorations. Second, we should adapt the party's principles and policies to local realities, boldly shatter old structural constraints, and abolish outmoded rules and regulations. Without going against general central policies and principles, we should demonstrate flexibility in amending specific rules and regulations that are unsuited to local conditions, and boldly search for new ways and means for solving problems that have no precedents. Third, we should enthusiastically support new things that have arisen during the course of reform and opening up. In dealing with issues for which accurate assessment is temporarily unfeasible, we should permit experimentation and observation, avoid debates, and foster consensus during the course of practice. When some comrades make mistakes for lack of experience during the course of explorations, leaders at all levels should boldly assume responsibility, uphold justice, enthusiastically help them sum up their experiences, encourage them to forge ahead, and strive to create a social environment

that is conducive to bold experimentation, practical action, and innovation. Fourth, we should assume a scientific attitude, deal with concrete problems with a down-to-earth spirit, and respect objective laws. We should also adhere to materialist dialectics and oppose subjectivism and metaphysics.

2. We should steadfastly maintain the party's basic line for 100 years. Steadfast maintenance of the party's basic line is the result of summing up past experience, as well as the fundamental guarantee for the country's long-term peace and stability. The central task of economic construction, the Four Cardinal Principles, and reform and opening up are the three most basic matters that should be upheld in building socialism with Chinese characteristics; they are mutually dependent, and none are dispensable. The key to maintaining the party's basic line lies in upholding the central task of economic construction. It is precisely adherence to this central task that has led to Zhejiang's fairly rapid economic and social development since the introduction of reform and opening up. Practice tells us that we should never deviate from this central task. We must firmly keep in mind the serious mistake of straying from this central task that people at home and abroad have made in handling some matters. Upholding the central task of economic construction and single-mindedly developing Zhejiang's economy are the common tasks for party committees, people's congresses, governments, and Chinese People's Political Consultative Conference committees at all levels. We should conscientiously subject various departments, sectors, and endeavors to the overall interests of economic construction. We should evaluate the job performance of departments against the basic criterion of whether they subordinate themselves to and serve the needs of economic construction. In maintaining the party's basic line of "one central task and two basic points," we should guard against rightism, but should mainly remain alert to "leftism." It can be said that we have keenly experienced the harm of "leftism." The breach of "leftist" shackles is precisely the cause for our progress in the 14 years since the introduction of reform and opening up. Nevertheless, "leftist" influences remain deep-seated, and they are still frequently affecting our practical work. We should search for new ways to conduct reform and opening up to the outside world. "Leftism" is the main source of resistance to the elimination of concepts that restrict the development of productive forces and to the removal of structural obstacles. The elimination of "leftist" ideological influences remains our long-term task.

3. Persistently seeking development is a concrete principle. We should embrace the opportune moment to accelerate the pace of development. Seizing the favorable opportunity to speed up reform, opening up, and economic development is the most important practical action of implementing the party's basic line and of carrying out the guidelines of the 14th National Party Congress. Development is a concrete principle. If possible, we should develop at a faster pace. We should encourage development and lose no opportunity, as long

as the development is characterized by good quality and high efficiency, and meets changing demands in domestic and foreign markets. Zhejiang is a coastal open area with multiple advantages; it is fully capable of and completely responsible for developing itself into one of the fairly economically developed provinces in the country during the 1990's. In order to accelerate Zhejiang's economic development, various localities should fully exploit their strengths and potentials. The key cities of Hangzhou, Ningbo, and Wenzhou should seek greater and faster development, as should the Hangzhou-Jiaxing-Huzhou and Ningbo-Shaoxing plains. Other areas are completely capable of selecting their own starting points and focal points to facilitate the acceleration of development. In seeking a faster development pace, we should draw lessons from past experience, remain level-headed, study new circumstances carefully, pay attention to resolving deep-rooted problems and various tendentious and symptomatic problems in economic life, and prevent the accumulation of new contradictions. In seeking a faster development pace, we should show enthusiasm and try our best, while maintaining a scientific attitude and acting within our capabilities. We should master the dialectical principle of "enthusiasm" and "indifference," and focus on deepening reform and opening wider to the outside world.

4. We should steadfastly promote reform while working toward the goal of building a socialist market economy. The construction of a socialist market economy—based on our experiences in the 40 tortuous years since the founding of New China—represents a cognitive leap in the consolidation and development of socialism, a major theoretical and practical breakthrough in reform, and an inherent requirement of economic development. Urban and rural areas in Zhejiang began market-oriented reforms at a rather early date; they are capable of proceeding earlier than the rest of the country in establishing a basic framework for a socialist market economy. We should clearly analyze the present situation, heed both favorable conditions and differences, and show confidence and resolution, while fully recognizing the difficulty and complexity of reform in this area. We should fully prepare ourselves mentally for the pangs and risks that may arise when the old structure is replaced by a new one. Reform is a revolution; we should move steadfastly and should not hesitate or turn back once we encounter a setback. We should overcome ideological and conceptual obstacles, as well as hurdles posed by enterprise mechanisms, management structure, and the convergence of domestic and international markets. Specifically, outmoded thoughts, notions, and ways of thinking—shaped over the years in the environment of the conventional planned economy and under the influence of the natural economy—are likely to remain entrenched; they will manifest themselves in all forms in various sectors when the old structure is replaced by a new one. We must respect the laws of the market and values. We must cherish the notion of a socialist market economy, as well as relevant modes of thinking. We should fully and accurately understand and implement

the principle of seeking long-term, common development for various economic sectors, while maintaining the dominant status of public ownership, and allowing the individual, private, and foreign-funded sectors to play secondary roles. We should allow different ratios between public ownership, and the individual and private sectors for different stages of development, areas, and trades. Wenzhou's economic mode—including the joint stock sector that has arisen during the course of economic development—is consistent with the party's basic line and Wenzhou's condition. A result of exploration and creation by the people during the course of reform, this economic mode has promoted the development of productive forces and the improvement of people's living standards. We should continue to help Wenzhou accelerate the pace of reform, opening up, and economic construction, and create a new image of reform and openness in light of its actual conditions. In maintaining the dominant status of the public sector, we should not simply stress its proportion to the economy in quantitative terms. We should pay special attention to its market competitiveness, its superior economic performance, and its excellent structure. We should widen our concepts and actively search for ways to develop an effective public sector. The collective economy in our province's urban and rural areas—especially village and town enterprises—occupies a predominant position. It has immense vitality and vast potential, and its proportion is expected to grow in the future. We should make this economy an important growth sector that will expedite our province's development.

5. Strengthening party building and spiritual civilization, and maintaining an "even, two-handed approach," will provide political, ideological, and organizational guarantees for accelerating reform, opening up, and economic development. In the new situation, we should both strengthen and improve party building and spiritual civilization, keep reform in mind, study new circumstances, and solve new problems. Party building should be guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In building the party, we should reflect the party's progressiveness and embody the ethos of this era. We should actively search for ways to expand the party's role as the leading core; to promote the vanguard and exemplary roles of CPC members; to strengthen the fighting power of primary party organizations; to run the party strictly; to redouble our efforts to foster a fine party style; to readjust the organizational structure and work organs; to improve our work methods and operational modes; and to invent new things in the new situation, while maintaining and enriching our fine traditions. In building spiritual civilization, we should work closely around the central task of economic construction, and provide powerful spiritual inspiration and intellectual support for economic construction, reform, and opening up. We should further strengthen and improve democracy and legal institutions, while fulfilling the requirements of reform, opening up, and economic development.

II. Get a Clear Understanding of the Situation, Seize the Opportune Time, and Set Clear Goals for Accelerating Reform and Development in Zhejiang in the 1990's

Comrade Deng Xiaoping's important talks during his tour of southern China early this year and Comrade Jiang Zemin's report to the 14th National Party Congress set forth new demands for accelerating development in the economically developed coastal areas. This is a major strategic policy made by the CPC Central Committee and Comrade Deng Xiaoping in an effort to accelerate China's socialist modernization drive, it also reflects the ardent hope placed on our coastal provinces. Party organs at all levels throughout the province should undertake this historical responsibility to the best of their ability.

In accelerating development, we are faced with three historical opportunities: The opportunity to build a socialist market economy and operational mechanisms nationwide; the opportunity to open up and develop the Chang Jiang Delta and the riparian areas, with Shanghai's Pudong as in the lead; and the opportunity for industrial realignment and readjustment set off by the global new scientific and technological revolution. We have made a good start in—and have laid some foundation for—accelerating development. First, our economic strength has greatly increased. After 14 years of reform and opening up, the province's economic ranking in the nation has risen from the 14th or 15th to the 6th or 7th. The economy is markedly more export-oriented. Second, great progress has been made in reform orientation toward the market. The ownership structure has evolved from unitary public ownership into a new pattern of simultaneous development of various economic sectors, with public ownership remaining predominant. The proportion of gross domestic products covered by mandatory production quotas has dropped to around 4 percent. Regulation by the market has gradually become the principal means of allocating resources and guiding production. Most of the products and fees whose prices and rates were once set by the state have been decontrolled, and a mechanism for setting prices in line with the law of value and supply-demand relations is gradually taking shape. Village and township enterprises, which have seen enormous expansion, have taken the lead in participating in market competition, thereby helping develop the local market economy. The consumer goods market is maturing, and markets for the means of production, capital, technologies, and labor services are beginning to shape up. An embryonic market system composed of multiple levels, assorted operational methods, and diverse economic sectors is taking shape. Third, people well versed in business, management, and technology have been emerging in large numbers in the practice of reform and opening up. Zhejiang has a population that is diligent, intelligent, well-trained, and armed with a keener awareness of the commodity economy. Having been tempered in market competition, they are capable and experienced—they are valuable assets for accelerating the province's development.

This year we have earnestly studied Comrade Deng Xiaoping's important talks during his tour of southern China and the guidelines of the plenary meeting of the Political Bureau of the Central Committee. In accordance with the plan adopted by the State Council forum on economic planning for the Chang Jiang Delta and the riparian areas, we have further emancipated our minds, changed our concepts, conducted investigations and studies, drawn on the experience of reform and opening up in the three southern provinces, consciously found out where we lag behind, straightened out our thinking, and built consensus. A series of new moves have been launched to accelerate reform, opening up, and economic construction:

1. We have adjusted the objectives of economic development, adopted a strategy for rejuvenating the province through science and education, and have drawn up a 40-point policy on accelerating reform, opening up, and economic development, and a 20-point policy on vigorously promoting scientific and technological progress and accelerating economic development.
2. We have worked out an overall plan for the province's opening to the outside world, accelerated construction of the development zones, sponsored various activities at different levels to promote the province's ties with the outside world, held large trade fairs in and outside the province and abroad, absorbed foreign funds for further development, and, in particular, made breakthroughs in utilizing foreign investment in building transportation projects—airports, railways, highways, in developing basic industries such as energy and raw materials, in merging and transforming large and medium-sized enterprises, and in developing tourism. Foreign trade has seen sustained and rapid growth and new progress has been made in developing foreign economic relations.
3. We have made an important policy decision to decontrol grains, readjust structures, and develop a type of farming that provides for "high yields of fine quality with maximum efficiency."
4. We have started transforming enterprises' operational mechanisms and implementing two structural reforms in industrial enterprises. "Four relaxations"—in operation, prices, distribution, use of labor—have been carried out in more than half of the enterprises and the shareholding experiment is moving forward in an active and steady manner.
5. Fresh progress has been made in simplifying administration and instituting decentralization. The plan to abolish districts, expand towns and merge villages has been basically completed in the province, thereby accelerating overall reform—on an experimental basis—of county-level organs; progress has also been made in relevant support reforms.

A fine momentum has emerged in the province's economic development. Industrial output for the January-November period is 227,585 million yuan, up 32.7 percent over the same period last year. State-owned

industrial enterprises covered by the budget registered increases in output value as well as in taxes and profits; the total annual industrial output value is estimated at 245 billion yuan, up about 29 percent; the gross domestic products, 117.4 billion yuan, up 17 percent; agreements signed for using foreign capital, \$2.8 billion or 3.4 times the combined total in the previous 13 years; and foreign exchange earnings from exports, about \$3.5 billion, up 21.9 percent. Under the guidance of Comrade Deng Xiaoping's important talks, efforts to further straighten out and widen our perspectives in work in line with spirit of reform have paid off in new improvements in party building, development of spiritual civilization, democracy, the legal system, and in the party's discipline inspection, organizational, propaganda, united front, and judicial and public security work. All this has helped lay a good foundation for development in the future. We are fully confident and capable of raising economic and social development to a new level in the 1990's.

In the 1990's, we must, under the guidance of the spirit of the 14th CPC National Congress, uphold the basic theory of building socialism with Chinese characteristics and the party's basic line, further emancipate our minds, unite and lead people across the province, immerse ourselves in work, advance in a pioneering spirit, and strive to turn Zhejiang into a province that is relatively developed economically; is advanced in science, technology, and education; has an economic mechanism that operates smoothly; and is blessed with a quite well-developed export-oriented economy and harmonious development of the two civilizations. The goals of our reform and development are:

- Sextupling the gross domestic product by the turn of the century. Efforts should be made to achieve, at an average annual rate of around 10 percent, quadruplication in 1993 and sextuplication by the turn of the century.
- Becoming one of the first regions to achieve a relatively comfortable standard of living. We will strive to achieve a fairly comfortable life, improve the quality of life, and enrich the people's cultural life. In terms of the 1990 constant prices, the province's gross domestic product should be raised to 140 billion yuan and per capita income over 3,000 yuan. The handful of regions that have not lifted themselves out of poverty will be steadily moving—from just having enough to eat and wear—toward a relatively comfortable standard of living. We will strive to attain, by the end of the century, the average level of medium-level countries; raise, in terms of 1990 constant prices, the province's gross domestic product to 230 billion yuan and per capita income to around 5,000 yuan; and enable all the formerly poverty-stricken to achieve a fairly comfortable life.
- Coastal plains should take the lead in the march toward modernization. We should develop a number of economically robust counties as pacesetters. Our goal is that by the end of the Eighth Five-Year Plan,

there will be six counties (cities) each with annual gross domestic products totaling or surpassing 3.5 billion yuan and twelve counties (cities) each with an annual revenues totaling or surpassing 200 million yuan. The goal for the end of the century is 20 counties (cities), each with gross domestic products totaling or surpassing 3.5 billion yuan, and 30 counties (cities), each with revenues totaling or surpassing 200 million yuan. There must also be corresponding progress in labor productivity, contributions to technical progress, the industrial structure and level, abundance in the people's life, the overall capacity of scientific and technological education, and medical and public health services in these counties (cities).

- Build, more or less ahead of others, the basic framework of a new economic structure. We should achieve major breakthroughs in four major areas: transformation of enterprises' operational mechanism, cultivation and development of a market system, reform of the social security system, and shifting of government functions. We should strive to build, by the end of the period of the Eighth Five-Year Plan, an initial, basic framework of the socialist market economic structure and basically develop by the end of the century operating mechanisms and modes of operations appropriate to a socialist market economy.

After the above-mentioned goals are endorsed by the current session, the provincial government will make correspondent revisions to the Eighth Five-Year Plan and the 10-Year Development Program and submit them to the provincial people's congress for approval.

III. Give Priority to Important Tasks, Accelerate Economic Development, and Strive To Push Zhejiang's Economy Into Another New Stage

To push our province's economy into another new stage in the 1990's, we must adhere to the strategy for economic development laid down by the fifth plenary session of the eighth provincial party committee—improving the quality of the province's whole economy as the central task and putting the stress of our economic work on "laying a solid foundation, being up to the standard, and increasing economic results." Practice over the past two years has proven that this concept tallies with our province's realities. We should deepen understanding of the strategy for the province's economic development, base ourselves on reform, optimize the production structure, increase the export-oriented degree of the economy, and rely on scientific and technological progress to bring about a change from an extensive and high-speed type of economy to an intensive and efficient type of economy.

1. It is necessary to speed up the readjustment of the production structure and make breakthroughs in strengthening the infrastructure and basic industries and developing tertiary industries. In view of our province's realities and the trends of its economic development, we should be market-oriented, increase economic results as

the central task, exert ourselves to improve the quality and quantity of agricultural production, vigorously readjust and optimize the industrial structure, accelerate the development of the infrastructure and basic industries, and energetically develop tertiary industries.

The position of agriculture as the foundation of the national economy must not be shaken at any time. We should organize and guide peasants to participate smoothly and steadily in the market according to the arrangements made by the provincial rural work conference that was held this year. Leading cadres at various levels must not in the least relax their leadership over agriculture. They must conscientiously study and explore new ways and measures to strengthen their leadership over agriculture, and they should carefully organize and guide peasants. While decontrolling grain crops, plans and prices for other farm products—such as silkworm cocoons and cotton—should also be gradually relaxed. By using such methods as contracts to purchase farm products, we should link small-scale production and the small circulation of commodities by and among thousands upon thousands of households with large-scale production, big markets, and the large-scale circulation of commodities in order to enhance peasants' awareness in participating in the market. While stabilizing the output-related household contract responsibility system, we should study and sum up our experiences in intensive farming. In places where conditions permit, various forms of appropriate-scale intensive farming may be vigorously and properly developed according to peasants' wishes. It is necessary to increase investment in agriculture, to maintain and develop the momentum in building water conservancy projects throughout the province during this winter-spring period, and to conscientiously build key construction projects so as to increase our ability to resist natural disasters.

The development of each county's economy is of great importance to the province's economy. The province's economy will not be able to develop into another new stage in 1990's without improving the quality and quantity of each county's economy. To develop a county's economy, two important tasks must be carried out: First, we must greatly develop and improve village and town enterprises, speed up technical transformation, strengthen enterprise management, promote technological progress, produce quality products, and raise the managerial level; through reorganization of the essential factors of production, we should give priority to developing a number of large and medium-sized key enterprises and optimize the structure of production in village and town enterprises. We should give more support to village and town enterprises in southwestern Zhejiang and areas inhabited by minority nationalities in order to accelerate their development. Second, we should speed up the building of rural villages into towns or cities and link such building with the building of small industrial areas and markets so as to form a network. The provincial, city, and county authorities should support the

development of relatively large towns or cities at different levels and give them greater administrative powers so that they will become regional economic centers. Policies should be formulated to encourage peasants to do business or run enterprises in towns or cities, to give full play to the linking and fanning-out role of towns and cities in the rural economy, and to advance the modernization of agriculture and rural areas.

The backward infrastructure and a shortage of energy and raw and semifinished materials have become a bottleneck in the province's economic development. Our province is engaged mainly in light, textile, and processing industries. We cannot and should not seek to become self-sufficient in energy and raw and semifinished materials. It is absolutely necessary, however, to rely on large enterprises to appropriately develop basic raw and semifinished materials in areas near harbors. The provincial government has decided on building a number of key transport, energy, and raw and semifinished material projects concerning the overall situation of economic development during the Eighth and Ninth Five-Year Plans, mainly including: the 200,000-metric-ton ore wharf at Beilun Harbor, the Shanghai-Hangzhou-Ningbo Expressway, the Xiaoshan-Ningbo Double-Track Railway, the Jinhua-Wenzhou Railway, the Hangzhou International Airport, a 600,000-metric-ton catalytic cracking facility, a 300,000-metric-ton ethylene plant, the second-stage project of the Beilun Power Plant, the second-stage project of the Jiaying Power Plant, the second-stage project of the Taishan Nuclear Power Plant, the Beilun Steel Works, the Hangzhou-Jinhua-Quzhou Highway, the Shanxi Key Water Control Project, the Tankeng Hydropower Project, and the second-stage project of the Wenzhou Hydropower Plant, as well as large thermal and nuclear power plants in coastal areas. All those projects should be quickly reported to higher levels for approval, and then they should be vigorously built.

The processing industry should optimize its structure of production and produce quality products at an appropriate scale. Enterprises should be guided to produce according to international standards and to strive to develop new products up to advanced domestic and world levels. Thus, they will be able to have a number of high-quality products. Enterprises should strive to acquire high science and technology, high quality, high efficiency, and high economic results. Enterprises producing high-quality products should organize themselves into enterprise groups, with large and medium-sized enterprises backing them. They should gradually bring about a new situation characterized by new and high technology, a high degree of orientation toward exports, and a rational structure of production.

Efforts should be made to accelerate the development of tertiary industries according to requirements for establishing the system and operating mechanisms of the socialist market economy. This urgent task is before us. The province's tertiary industries should grow at an average rate of about 16 percent a year in the 1990's; by

the end of this century, the total output value of tertiary industries should try to reach about 40 percent of the province's gross domestic product, and the number of people employed by tertiary industry should account for more than 30 percent of the province's work force. The development of tertiary industries should be aimed at modernization, socialization, and industrialization. In developing tertiary industries, we should carry out the central task of readjusting the economic structure and improving economic results and adhere to the principle of using investments by the state, the collective, the individual, and foreign businessman; in so doing, we should introduce mechanisms for competition, remove barriers between different departments, trades, and regions. We should make overall planning, give priority to important tasks, make full use of our favorable conditions, and vigorously implement relevant policies and measures.

Zhejiang is a big coastal province, and its rich marine resources are a major resource. There is a great potential for developing such resources and opening the province to the outside world. This should be included in the province's overall planning as an important economic plus. We should develop fisheries, harbors, and natural scenery in a comprehensive way in order to achieve comprehensive results. In so doing, we should give priority to developing harbors, inshore breeding, deep-sea fishing, tourism, the processing of aquatic products, and the marine chemical industry. Efforts should be made to study policies and measures to encourage economic development, to strengthen the building of infrastructure facilities, and to gradually improve conditions for production in order to promote the in-depth development of marine resources and islands and to open the province wider to the outside world.

It is necessary to step up construction in mountain areas and promote regional coordinated economic development. Efforts should be made to open mountainous areas to other parts of the country and to the outside world as well. Mountainous areas should make particular efforts to attract funds, technology, and qualified personnel from big cities, large enterprises, as well as colleges and universities in order to accelerate their comprehensive economic development. It is essential to continuously implement measures and systems to assist poor areas—for example, having departments and areas link up with one another—supporting poor areas with science and technology, and having leading cadres do regular liaison work in this regard. A good job should be done to help such areas free themselves from poverty. In quickly developing mountainous areas, we should further relax policy restrictions and give them the necessary support. We should proceed from changing conditions for production, arrange the basic processing of raw and semi-finished materials in a planned way, and bring local favorable conditions into full play in order to speed up their economic development.

2. We should accelerate economic reform and achieve breakthroughs in transforming the operating mechanisms of enterprises and government functions, while working to achieve the goal of building a socialist market economy. We must achieve a quicker development pace on the basis of reform, and we should promote development through reform. In conducting economic reform, our province must focus on the goal of building a socialist market economy and earnestly perform the following interrelated, important tasks:

We should restructure the public sector of the economy, optimize the geographical distribution of industries, and improve quality by ensuring the proper circulation of state-owned assets and the proper investment in additional assets. We should separate the rights of ownership and management by smoothing relations between the two. While continuing to improve the contract management responsibility system, we should strive to explore various effective modes of public ownership and further heighten the vitality and competitiveness of the public sector. We should strenuously develop individual and private economies in economically underdeveloped regions. Households and individuals may engage in all trades and manufacture all products that are suited to household production and management. Some economically developed regions should fully inspire enthusiasm for household production and management and practice the dual management system that combines household with collective operations. In developing the private economy, we should further relax policy restrictions while improving relevant policies, laws, and regulations to strengthen the guidance and management of individual and private economies.

We should quicken the transformation of operating mechanisms in enterprises through the implementation of the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises." The province should formulate detailed rules for implementing the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises." Attention should be paid to changing the operating mechanisms of state-owned large and medium-scale enterprises. Next year, the province will designate 30 large and medium-scale enterprises as pilot units. All cities and prefectures should also establish such pilot units. This will help basically change the operating mechanisms of all state-owned enterprises by the end of the "Eighth Five-Year Plan." Village and town enterprises, and collective enterprises in cities and towns, also face the question of changing their operating mechanisms. Large-scale enterprises, enterprise groups, and newly established enterprises may implement the shareholding system. Other enterprises, including those making meager profits or incurring losses, should improve their contracting methods. In reforming the income distribution system of enterprises, we should boldly widen the income gap in favor of business operators, scientific and technical personnel, supply and marketing personnel, and frontline workers and staff

members. Enterprises should not be held responsible for profits only; they should be accountable for losses. Unprofitable enterprises should not be allowed to eat from "the same big pot."

We should focus on vigorously developing markets for production factors and accelerate the construction of a market system. We should speed the development of financial markets, further commercialize specialist banks along entrepreneurial lines, boldly search for ways and means for direct financing, and continue to develop short-term call markets. We should tap long-term money markets, further develop foreign exchange regulatory markets, and build insurance markets. We should gradually develop markets for production factors on an appropriate scale. Over the next several years, key cities should establish large trading centers for production means, as well as storage, transportation, and distribution centers for goods and materials. They should develop future trading along professional lines while working to expand wholesale volume. Keen efforts should be made to develop markets for technology, labor services, information, and real estate, as well as various types of auction markets. Meanwhile, we should upgrade commodity markets to improve their functions and increase their influence. In building markets, we should respect economic laws, avoid haphazard planning, rely on industry, exploit local strengths, make unified plans, rationalize distribution, formulate practical policy, and increase investment. We should work hard to develop assorted civilian and semicivilian socialized service organs and intermediary agencies. We should refine laws and regulations and standardize market activity.

We should streamline administration and hasten the transformation of government functions. We should change competent industrial departments, create small but efficient overall economic departments, and bolster departments in charge of overseeing law enforcement. We should accelerate the reform of county-level organs and implement county-level urban experimental plans for Shangyu, Lanxi, and Longquan after their promulgation. For some time next year, we should concentrate on completing organizational reforms in other counties (cities and prefectures) in the province, after making extensive preparations. In reforming county-level organs, we should pay attention to supplementary reforms in villages and towns; smooth follow-up work in counties after dismantling districts, expanding towns, and merging townships; and accomplish these tasks before next year's spring farming. Next year, we should make plans for reforming provincial and city organs. Instead of waiting, qualified departments should take action before others. We should formulate incentive-based policies to encourage cadres to leave party and government organs.

We should step up the pace of opening to the outside world in all directions and make a breakthrough in connecting with international markets. We should stress the utilization of foreign funds in promoting opening up through various levels and in all directions. According to

the overall arrangement of opening to the outside world set by the provincial party committee and government, we should seek countermeasures against new situations and problems that will emerge after China resumes its status as a contracting party to the General Agreement on Tariffs and Trade, strengthen planning and coordination, develop an overall strength for opening to the outside world, utilize natural resources and markets at home and abroad in a more effective way, and bring out the best in ourselves to compete on international markets.

We should continue to use more foreign funds in a broader area and higher level and pay full attention to introducing conglomerates, big companies, and large projects abroad and outside the province into Zhejiang. We should strengthen industrial orientation and consulting services for foreign businesses and vigorously channel their direct investments mainly into the infrastructure, basic industries, the "grafting" and renovation of old enterprises, and the development of whole lots of land and make efforts to develop tertiary industries such as financing, trade, tourism, and real estate.

According to the strategic arrangement of the central authorities, Zhejiang's coastal areas, particularly the open cities of Ningbo and Wenzhou and the international sight-seeing city of Hangzhou, should be developed first. Being equipped with a good deepwater port and Zhejiang's sole bonded area, Ningbo should be made the focus of opening up and development and be constructed into a large international transfer port of China, an important trading port in East China, and a heavy chemical industrial base at the Chang Jiang Delta as soon as possible. According to Zhejiang's general planning for connecting with Pudong, Jiaxing, Huzhou, Hangzhou, Shaoxing, and Zhoushan should make plans for development first and become areas circling around Pudong; especially in the areas adjoining Shanghai, the pace of opening to the outside world should be stepped up. The construction of development zones and sub-industrial zones in various localities should be put under unified planning, with different guidance given to them according to their own conditions. We must guard against rushing headlong into mass action, cherish cultivated land, and avoid wasting land resources. We should pay close attention to foreign-funded projects currently under construction to put more foreign funds into use, complete more of these projects for operation, and earn more foreign exchange through exports.

The strategic work on foreign trade should change. Foreign trade enterprises must change operating mechanisms, adopt comprehensive management with one industry as their focus and trade as their foundation, and step up their development to industrialization, conglomeration, and internationalization. They should enhance their consciousness of competition and pursue the tactics of developing more markets after firmly developing the ones they have now. After having steadily exported labor services and contracted projects, and after having sought cooperation through economic aid, we should encourage

qualified enterprises to establish trading companies and manufacturing enterprises outside the province in our foreign economic relations work.

We must link up our business management systems, economic operation methods, social service systems, formulations of foreign-related policies and laws, and other systems with international markets even more quickly. We should improve the fundamental work of making enterprise production, product quality, accounting and financing systems, marketing methods, and other links meet the requirements of international markets as soon as possible. We should gradually rationalize the system governing foreign-related economic affairs; establish and improve the foreign-related economic service system which includes customs, commodity inspections, and banking; and promote and practice the "one-stop" and "streamlined" management and service methods. We should further perfect foreign-related policies and laws and streamline procedures for examination and approval in order to improve our work efficiency. More people must be trained to handle foreign-related affairs so that key contingents familiar with international banking, trade, and the norms of the world economy is formed as soon as possible.

4. We should move faster in fully implementing the strategy of developing the province through scientific and educational progress. We should achieve breakthroughs in using new and high technology to retool conventional industries. The strategy of developing the province through scientific and educational progress is a fundamental way to turn our provincial economy from extensive to intensive management and to improve overall economic performance. Another fundamental way is to truly rely on scientific and technological advances and to improve labor quality in economic construction. We should move swiftly to create a mechanism that combines science and technology with the economy, accelerate the conversion of scientific and technological achievements into practical productive forces, and make scientific and technological progress account for 40 percent and 50 percent, respectively, of economic growth by the end of the "Eighth Five-Year Plan" and by the end of this century.

When developing agriculture through scientific and educational progress, we should grow and promote fine strains and update the varieties of major farm, fish, and poultry products by the end of the "Eighth Five-Year Plan." We should go all-out to improve overall capacity for developing agriculture through scientific and technological progress. In the industrial sector, we should expedite the technical transformation of conventional industries and focus on updating the technology and equipment of key industries, such as silk, light industry, textiles, machinery and electronics, chemicals, and building materials. We should also upgrade the technological levels of key enterprises and leading products. During the "Eighth Five-Year Plan," we should concentrate on provincial-level development projects for 500 new major products, technological transformation

projects for 72 key enterprises, the promotion and application of 200 new technologies and achievements, and a number of industrial pilot projects. We should realign the "Spark Program" from a "short, level, and speedy" [a short period between the time technology is developed to the time it is used in production, a technological level that is suited to medium and small-sized enterprises as well as village and town enterprises, and speedy economic results] pattern toward a "technological, mass, and external" orientation. We should also focus on implementing the "5-100" Spark project and effectively improve the scientific and technological levels of village and town enterprises.

In developing industries using new and high technology, we should concentrate on integrating the major sectors of electronics, information, new materials, new sources of energy, biotechnology, and machinery and electronics. We should also build industrial development zones that are oriented toward new and high technology. This will help us accelerate the industrialization of new and high technology. We should increase the proportions of the output value of new and high technology, both in the province's total industrial output value and total export volume, to 10 percent or more by the end of this century.

We should continue to deepen the reform of scientific and technological structures. We should further implement and expand the decisionmaking powers of science research institutes and adopt flexible measures toward science research institutes and scientific and technological personnel. We should exploit the strengths of scientific and technological personnel in institutions of higher learning and encourage them to provide direct services to economic construction. We should support and encourage the gradual efforts undertaken by most science research institutes—especially development-oriented institutes—to develop themselves into economic entities responsible for their own revenues and expenditures. We should also support and encourage efforts to integrate science research, production, and management. We should quickly build the first group of pilot reform units and extensively establish such units by 1994. We should continue to assist and encourage the gradual efforts undertaken by various civilian science research institutes to form a multitiered development mode under the management of the state, enterprises, individuals, and foreign business interests. We should respect knowledge and skilled personnel, greatly inspire and expand the roles of skilled personnel currently available in our province, formulate flexible policy to attract trained personnel from abroad and other parts of the country, and further expand and improve our province's talent pool.

In developing the province through scientific and educational progress, we should start by training skilled personnel, strengthen basic education, vigorously develop vocational and technical education, and actively promote higher and adult education. We should gear various educational programs toward training personnel that are badly needed for the development of a socialist

market economy. We should continue to deepen educational reform, expand the decisionmaking powers of schools, and encourage all sectors of society to promote education.

IV. Strengthen Party Building and the Building of Spiritual Civilization in Accordance With the Requirement of the New Situation In Order To Secure the Fundamental Guarantee for Accelerating the Reform, Opening Up, and Economic Development in Our Province

To fulfill the objectives of our province in the 1990's, we must rely on the leadership of the party and the organizational guarantee of the party; we must persist in "doing things from both ends," strengthen the building of a spiritual civilization, and improve democracy and the legal system so as to create a stable social environment for reform, opening up, and the drive for socialist modernization. The more we deepen the reform and the wider we open our province to the outside world, the more we should strengthen party building and the building of a spiritual civilization. While we should preserve and carry forward our fine traditions, we should also adapt to the developing situation and—with a reform-minded mentality—make explorations and innovations with regard to work contents, work methods, organizational forms, and activity modes.

The central task for strengthening the whole party ideologically for now and for some time to come is to arm party members with the theory of building socialism with Chinese characteristics. This central task should be emphasized in education for party members, in party school training, and in the studies of the central groups of party committees throughout the province. All party members should conscientiously study the basic theory of building socialism with Chinese characteristics, study the basic line, and acquire knowledge about the theory of building a socialist market economy. Cadres at and above the county level should take the lead in study and application. They should achieve good results in study and apply what they have studied. In conjunction with actual thinking and practical work, they should emancipate their minds, sum up experiences, streamline their thinking with regard to work, and raise the efficiency of administration and leadership in order to serve the effort of accelerating reform, opening up, and economic construction.

We should strengthen and improve party leadership over economic work. Party committees should make policy-decisions on plans, arrangements, and important policies and reform measures in the course of reform, opening up, and economic construction; promptly study tendency questions and important developments in economic activities; and coordinate with all sectors to form a combined force to take charge of the whole situation in undertaking the central task of economic construction. While it is necessary to avoid the tendency of making no distinction between primary and secondary matters and of monopolizing all work, it is also necessary

to avoid the tendency of refusing to have anything more to do with the matter. Members of leading bodies of party committees should conscientiously study economic work, get acquainted with economic work, and participate in economic work so as to raise the efficiency of their policy-decisions on major economic issues.

We should do a good job in improving leading bodies at all levels during the election of new party committees next year. In strengthening leading bodies, we should grasp and solve the following questions:

1. It is necessary to uphold the principle of building cadre ranks that will be revolutionized, better educated, professionally more competent, and younger, select cadres who are politically qualified and professionally competent, and mainly select cadres on the basis of their work performance and their achievement in implementing the party's basic line.
2. It is necessary to boldly select and employ a number of outstanding young and middle-aged cadres, do away with the practice of deciding according to qualifications and seniority and of taking care of all evenly; at the same time, it is necessary to attach importance to training and selecting woman cadres and non-party cadres.
3. In selecting members of leading bodies, attention should be given to the rationalization of structure. Where conditions permit, appropriate holding of concurrent positions should be allowed in order to facilitate the formation of the core of party committees and to enhance their ability to make policy-decisions.
4. It is necessary to strengthen leading bodies ideologically and organizationally in order to raise their fighting capacity.
5. It is necessary to uphold democratic centralism, safeguard the unity of leading bodies, and improve the effective system of supervision within the party.

We should intensify the construction of grass-roots party organizations. In rural areas, we should pay close attention to building up village-level leading bodies—with party branches at the core—and step up the training for them so that they can skillfully lead peasants in developing the economy and advancing toward markets. In towns and townships, we should assign more members of leading bodies of party committees to take charge of economic work by promoting leaders to serve concurrent posts. In enterprises, where conditions permit, a party secretary may work concurrently as director of the enterprise, and attend to the production and management and the party's ideological and political work as well. We should uphold the qualifications for party members as prescribed in the new party constitution, and attach great importance to recruiting new party members, especially those with outstanding performance on the front-line of production. We should boldly induce into the party people, who are well versed in market economy and capable of helping the masses to become well off, as well as production, management, and technical leaders

of enterprises. In this way, we can gradually improve the cultural and age structure of party members.

We should administer party affairs strictly, improve party style, and promote a clean administration. We should regulate the speeches and actions of party members—especially those who are leading cadres—according to the requirements set in the party constitution, encouraging the spirit of sacrifice and serving the people wholeheartedly in order to preserve the true qualities of party members. In conducting discipline inspection and supervisory work, we should proceed from the starting point of “being conducive to the three causes” and perform the functions of “protection, punishment, supervision, and education” in all fields—examining the implementation of the party’s line, principles, policies, and resolutions; investigating and meting out harsh punishment for major and serious cases; resolutely cracking down on corruption; and earnestly rectifying the illegal collection of fees, levying, and other evil practices in various trades and professions; thereby escorting reform, opening up, and economic construction. We should continue the system of “publicizing operations and operational results and depending on the masses’ supervision to promote administrative ethics” and other practices that have proved effective in perfecting preventive and constraint mechanisms.

We should bring into play our political advantage, and strengthen and improve ideological and political work. We should earnestly organize efforts to study and publicize the guidelines of the 14th congress regarding such efforts as the central task and main points of ideological and political work at the present and for some time to come in the future. In enterprises, efforts should be made in the light of ideological problems cropping up in the course of deepening the reform and changing the management mechanisms; in rural areas, we should, under the premise of developing “fine-strain and high-yield and high-efficiency” farming, educate peasants about the concept of a socialist market economy; and at schools, ideological and political work should be aimed at training a new generation of people with ideals, discipline, morality, and general knowledge, and at advancing educational reform. We should improve the quality of political workers, harness their enthusiasm, encourage and support their work, raise the level of their ideological awareness and professional competence, and improve their work methods and efficiency.

We should extensively launch various forms of activities for spiritual construction. Under the new situation of reform and opening up, ideological education on patriotism, collectivism, and socialism to the large number of cadres and the masses, especially the youngsters, can only be intensified, not slackened. We must propagate the deeds of model units and individuals that have the features and spirit of our age, encourage healthy trends, and educate the masses to adopt correct values and moral standards. We should resist unhealthy trends, evil practices, and the erosion of decadent ideology such as capitalism and feudalism. We should gradually form a

mechanism of self-education, self-management, self-restraint, and self-encouragement in urban and rural primary units; strengthen the work of family planning; and persist in eugenics to improve the quality of the population.

We should strengthen the construction of the socialist democracy and legal system by further improving the system of people’s congresses and fully bringing into play the functions of the people’s congresses at all levels and their standing committees and the role of people’s deputies. We should step up the pace of local legislation and the formulation of a package of laws and regulations much needed by economic construction, reform, and opening up to meet the needs for establishing a socialist market economy. We should improve the system of multiparty cooperation and political consultation under the leadership of the CPC, consolidate and develop a patriotic united front line in the new era, and fully bring into play the role of Chinese people’s political consultative conferences in political consultations and democratic supervision. We should carry out the party’s policies towards nationalities, religions, overseas Chinese affairs, and Taiwan affairs in an all-round way and bring every positive factor into play to better serve Zhejiang’s efforts to accelerate reform, opening up, and economic construction. We should display a democratic workstyle and encourage the free airing of views to extensively solicit opinions, criticisms, and suggestions from various social circles to the party and the government on their work. We should develop scientific and democratic decision-making procedures and systems and unremittingly strengthen the overall control of the social order to safeguard the people’s normal production and living styles. We should continue to crack down on all kinds of serious crimes according to existing laws, continue the campaigns of “eliminating pornography” and the “six vices,” do a good job in constructing primary organizations which settle disputes through mediation, and establish a well-organized network for maintaining social order. We should strive to eliminate all sorts of unstable factors to safeguard political stability and unity.

The 14th CPC Congress has defined the goal of struggle and major tasks in accelerating reform, opening up, and economic development. Now that the major policies and principles have been set, the key lies in earnest implementation. The provincial party committee calls on party organizations at various levels, communist party members, and people throughout the province to unite under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus, work with one mind, assume a fully enthusiastic and scientific attitude, do practical work, exert vigorous efforts to make the province prosperous, and concentrate their efforts on boosting economic construction and striving for a greater victory in Zhejiang’s modernization cause.

Central-South Region

Guangdong's Xie Fei on Communications, Energy

HK0501102493 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 28 Dec 92

[Text] The Provincial Work Conference on Communications, Energy, and Communication was called in Guangzhou today. Lu Ruihua, member of the Standing Committee of the provincial CPC committee and vice governor, presided over the meeting. Xie Fei, secretary of the provincial CPC committee gave an important speech. In his speech, Comrade Xie Fei pointed out: The development of Guangdong's communications and energy at the present time lags behind the speedy development of the economy. It is necessary to complete this great historical task with exceedingly great efforts and boldness. It is particularly necessary to change the situation in which roads and power plants are built every year and yet are inadequate every year. It is necessary to have our eyes on the future and improve planning for ahead-of-time development. Speaking on the development of communications, energy, and communication, Xie Fei emphatically pointed out: As for the investment structure and management structure for the development of communications and energy, it is necessary to open up a new road that conforms to socialist market economy, to international practice, and to Guangdong's conditions. Finally, regarding the construction and development of communications and energy, Xie Fei called for the mobilization of the entire party, the whole people, and all mobilizable forces for an all-out campaign to strive for a great change in communications and energy in three years, and to enable them to match the speed of economic development in 10 years and go ahead of the speed of economic development in 20 years.

Zhu Senli, deputy secretary of the provincial CPC committee and vice governor; Yu Fei, vice head of the standing committee of the provincial people's congress; Vice Governors Ling Botang and Zhang Gaoli; and Kuang Ji, vice chairman of the Provincial People's Political Consultative Conference, attended the meeting. Vice Governor Zhang Gaoli also gave an important speech this morning. Over 350 persons including mayors of various cities and heads of various counties across the province and persons in charge from various relevant departments attended the meeting.

Guangxi Regional Planning Conference Concludes

HK0401133093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 27 Dec 92

[Text] A regional planning conference was held in Nanning 23-26 December. The main topics at the conference were: to thoroughly implement the spirit of the 14th party congress, study and spell out the principal tasks for economic development next year based on the demands of developing a socialist market economy, make satisfactory arrangements on the national economic and social development plan, fully mobilize the initiatives of all

localities and all departments, and diligently promote the sustained and comprehensive development of the region's economy.

Speaking at the conference closing ceremony, Cheng Kejie, chairman of the Guangxi Regional People's Government, pointed out: This was a year of high economic growth for the region which was manifested in the following: comprehensive development in rural economy; sustained growth in industrial production; improvement in foreign trade, exports, and use of foreign capital over the previous year; a rise in financial revenues of localities; a rise in fixed assets investment but with a more rational structure; a rise in bank deposits and credits; steady market commodity prices; and a visible improvement in people's livelihood.

He went on: At present, certain problems exist in our region's economic construction, primarily in the following areas: The region's development is still way below the national level, the operation of certain enterprises is not vibrant with poor economic results, and poverty continues to be relatively widespread.

Speaking about next year's tasks, Cheng Kejie pointed out: Under the excellent situation marked by reform, opening up, and economic growth, the emphasis on agriculture should not be relaxed in any way. Our region's agricultural foundation remains relatively weak, comprehensive production capacity is low, and, in particular, our ability to overcome natural disasters is comparatively poor. Hence, it is necessary to foster firmly the idea of fighting natural disasters and reaping bumper harvests to steadily increase grain production. The amount of inputs and key construction projects mapped out by the state and the autonomous regional government for next year represents the highest in recent years. Doing a good job in these projects is of great significance in improving the region's investment climate and boosting the reserve forces for economic development. Therefore, it is necessary for all sides to concentrate their efforts, harmonize and promote coordination, and steadfastly seize the task.

He said: The current situation in our efforts to step up reform and expand opening up is excellent. Hence, it is necessary to emancipate the mind, change the thinking, seek truth from facts, carry out bold explorations, and advance courageously. We should refrain from putting labels such as being surnamed socialism or capitalism at the slightest turn. Insist on using the three beneficials [beneficial to promoting the productive forces, to reinforcing the comprehensive national strength of our socialist country, and to enhancing the people's living standards] as the yardstick for measuring right and wrong and advantages and disadvantages. As long as we change our concepts and smash the old conventions in our heads, then things will be resolved easily and the economy will develop more rapidly.

At the conference, Wang Rongzhen, vice chairman of the autonomous regional people's government, conveyed the

spirit of the national planning conference. Yuan Zhengzhong, a vice chairman, conveyed the spirit of the national economic work conference; while Zhang Dunhao, chairman of the autonomous regional planning commission, gave a work report on the region's economic plan for next year.

Liu Mingzu, deputy secretary of the autonomous regional party committee, presided over the closing session. Chen Ren, Yuan Zhengzhong, Duan Yuanzhong, Ou Jiwen, and other leaders were present at the conference.

Review of Guangxi's 1992 Economic Performance

HK0401152493 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 25 Dec 92

[Text] The economy of our region in 1992 experienced high-speed growth on all fronts. People's income increased, prices were stable, and there was abundant commodity supply on the market.

This year, Guangxi experienced more natural disasters, and agricultural production suffered accordingly. But owing to effective policies and measures adopted by governments at all levels, agricultural production still achieved relatively fast growth. Two-digit growth in gross agricultural output value is expected. Major agricultural products such as grains, sugar cane and fruits have also grown considerably.

This year, industries throughout the region experienced high-speed growth and good sales. By the end of November, industrial enterprises at or above the county level throughout the region achieved 43.4 billion yuan in gross industrial output value, up 27.6 percent from the same period last year. Both light and heavy industries and industries of various economic types saw considerable growth. The growth rates of the output value of large and medium industrial enterprises and enterprises run by township authorities are way ahead, up 34.9 and 66 percent respectively. The sales value of industrial goods grew 27.6 percent over the same period last year.

To further expand opening up and give play to the role of developing the southwest area as a gateway to the coast, the scale of this year's capital construction for Guangxi was expanded and investment increased further. By the end of November, investment in the fixed assets of enterprises owned by the whole people rose 56.9 percent from the same period last year. Of this, investment in infrastructure rose 67.1 percent, rectifying the state of capital construction consistently lagging behind.

Guangxi's internal and foreign trade scored new achievements. From January and November, the region's gross commodity retail value grew 15.6 percent from the same period last year. Foreign trade was even brisker. Exports topped \$1 billion for the first time, up 37.21 percent. Imports increased by more than two times. The income of the region's workers also increased. By the end of November, workers' gross wages were up 17.3 percent

from the same period last year. Banks' expenditure for wages increased 31.1 percent from the same period last year. As workers' income increased and residents' bank savings rose considerably, banks' statistics found that the region's residents' bank savings from January to November rose 30.7 percent from the latter part of last year.

This year, the region's price level rose slightly but was stable. The region's general retail price index in November rose 7.6 percent. There is currently an abundant commodity supply on the market, and the market order is good.

Hubei Governor Speaks at Police Ranking Ceremony

HK0401123493 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 28 Dec 92

[Text] This morning, provincial party, government, and military leaders, along with 1,000 policemen, gathered at Wuchang's Hongshan Auditorium for a solemn ceremony to confer ranks for the first time to a group of people's policemen from the province. The conferment ceremony was presided over by (Hui Lianyu), deputy secretary of the Hubei Provincial Party Committee. Leading comrades from the provincial party committee, advisory commission, government, and military district including Guan Guangfu, Guo Shuyan, Liu Guoyu, Chen Ming, Han Hongshu, and others were present at the ceremony.

(Dai Sanqing), deputy director of the provincial public security department, and Yang Yicai, director of the provincial justice department, read the decrees from the Ministries of Public Security and Justice, as well as from the provincial public security and justice departments, authorizing the conferment of the ranks of police commissioner, police superintendent, and police inspector to the first group of 98 public security police officers as well as reform-through-labor and reform-through-education officers.

The certificates were presented by provincial party, government, and military officials to the recipients of the three grades of police ranks.

At the conferment ceremony, Guo Shuyan, deputy secretary of the provincial party committee and governor, delivered a heartwarming speech on behalf of the provincial party committee and government.

Guo Shuyan said: The people's police force in our province is a tried and tested force which is trusted by the party and the people. It has made important contributions in safeguarding social order, defending the socialist system and the modernization endeavor, and rejuvenating Hubei's economy. Conferring ranks to the people's police is an affirmation of the achievements of the people's police by the party and the people. It is an honor for all people's police in the province. At the same

time, it also expresses the party and the people's hope and expectations of the force.

Guo Shuyan believed: Under the leadership of party committees and governments at all levels, the people's police in the province will further strengthen the efforts to make themselves more revolutionary, more modern, and more regularized; enabling them to fulfill their tasks in protecting the people, striking at the enemy, punishing crimes, and serving the four modernizations more satisfactorily; providing an excellent public order environment for reform, opening up, and economic construction; and making new contributions to the realization of the lofty goals spelled out at the 14th party congress and of the tasks outlined at the ninth enlarged meeting of the fifth provincial party committee.

On behalf of the police officers who were conferred with police ranks, (Xu Yiting), deputy director of the Wuhan city public security department, said: It is necessary to cherish the honor conferred by the party and people on the people's police; firmly abide by the objective of wholeheartedly serving the people; serve as the loyal defenders of the party and the people; foster the revolutionary spirit of selfless dedication and tenacious struggle; sincerely fulfill the tasks of the people's police; and serve as an escort for the reform, opening up, and economic construction more satisfactorily.

Also present at today's conferment ceremony were: Zhong Shuqin, chief procurator of the provincial people's procuratorate, and persons in charge of relevant provincial departments

Southwest Region

Guizhou Governor Addresses Police Ceremony

HK0501010793 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 25 Dec 92

[Text] Entrusted by the Public Security Ministry and Ministry of Justice, Guizhou Province held a ceremony yesterday morning at the auditorium of the provincial public security department to confer police rank titles on people's police.

Provincial party, government, and military leaders Liu Zhengwei, Wang Chaowen, Su Gang, Miao Chunting, Long Zhiyi, Liang Mingde, Wang Siqi, Zhang Shukui, Hu Kehui, Liu Hanzhen, Zhu Qi, Yuan Ronggui, Luo Shangcai, and Zhang Yuqin, and veteran comrades (Wu Xi), (Sheng Beiguang), and others attended the title-conferring ceremony.

Some 700 people's policemen from the provincial public security, procuratorate and justice [word indistinct] organs and Guiyang City Public Security Bureau, who were given the titles of police commissioner and police superintendent, attended the title-conferring ceremony.

The rank-conferring ceremony was chaired by Guo Zhengmin, provincial public security department

director. Vice Governor Zhang Yuqin read the order on conferring the following rank titles: Grade 3 police commissioner; Grades 1, 2, and 3 police superintendent and police inspector; and First and Second Grade policemen. Governor Wang Chaowen presented credentials to comrades, conferred the rank of Grade 3 police commissioner, and spoke at the ceremony.

He said: The people's police of our province made limitless efforts and important contributions toward defending the socialist system, safeguarding political and social stability, defending our province's economic reform and opening up, and in carrying out emergency rescue and relief operations, and are a force which we can completely count on. Party committees and governments at all levels throughout the province must continue to strengthen leadership and support for public security and political and legal work, and pay great attention to the construction of the people's police contingent.

Wang Chaowen said: The new year is about to arrive. The people's police contingent must erect the solid ideology of wholeheartedly serving the people, strengthen the clean-government drive, build close ties between police and people, improve its work style, always make the party's cause and people's interest the first priority, uphold ruling the police force in a strict manner, give full play to its functional role, and make a greater contribution toward reform, opening up, and economic construction.

Yunnan Secretary on Materialist Dialectics

HK0501102693 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 27 Dec 92

[Text] Speaking at a course-completion ceremony for the fourth-term, three-basics-education rotation training class held at the provincial CPC committee's party school yesterday morning, Pu Chaozhu, secretary of the provincial CPC committee and president of the provincial CPC committee's party school, pointed out: Cadres at all levels must conscientiously study and apply materialist dialectics, make efforts to resolve the new problems in the course of reform and opening up, and speed up the development of the productive forces of the province's border and ethnic minority areas. Pu Chaozhu said: In order to implement the spirit of the 14th CPC National Congress, thoroughly put into practice the party's basic line, and deepen reform and opening up, it is necessary for us to study and grasp materialist dialectics on our own initiative. Leading cadres at all levels must consider it an important task to study and grasp materialist dialectics and foster a strong atmosphere for their study and application in the entire party and among cadres. Speaking on the question of applying materialist dialectics to speed up the economic development of the province's border and ethnic minority areas, Pu Chaozhu said: Since the Third Plenary Session of the 11th CPC Central Committee, the CPC has led people of various nationalities across the province for another

great revolution. In vast mountainous areas, especially where ethnic minorities live, how do we develop market economy? How do we achieve the target of leading a comparatively well-off life? Is it possible at all to attain a jump-over and leap-over development with respect to the liberation and development of the productive forces? Recently, I have, together with cadres in charge of various departments, conducted investigations in various counties, including Puer and Jinghong. I have seen many examples of success in this respect. These facts of success vividly and favorably show that in the second great revolution under the leadership of the CPC, only when the road is right and when things are properly done is it completely possible to attain the jump-over and leap-over development of the productive forces of these areas so that they can prosper alongside other nationalities and achieve the target of leading a comparatively well-off life. He said: Practice proves that in order for border and ethnic minority mountainous areas to attain the jump-over development of the productive forces, it is necessary to radically reform the operational structure and put into practice a comprehensive operational structure that integrates urban and rural areas, that integrates technology, science, and economy, and that integrates opening and development, and that integrates agriculture, industry, and commerce. Oriented to the market, we must develop great socialized production and participate in the great circulation on the domestic unified market and the international market. Finally, Pu Cha-ozhu pointed out: In order to implement the spirit of the 14th CPC National Congress, it is necessary to do jobs conscientiously and in earnest and to use Marxist positions, viewpoints, and methods to study and resolve new problems. There must be a great change in the style of work of leaders at all levels. They should practice less metaphysics and formalism and perform a little more materialist dialectics and do jobs conscientiously and in earnest. They should have a little less formal courtesies at the upper level and have a little more of the mass line, going down to the grassroots, and conducting investigations and studies. They should sum up and concentrate the fresh experiences of the grassroots and the masses and refine them into rational things with universal significance. Through the examination of the masses' practice, they should continue to stick to them among the masses and apply them in practical work. Yin Jun, deputy secretary of the provincial CPC committee; Liang Jinquan, member of the standing committee of the provincial CPC committee and head of the provincial CPC committee's propaganda department; Bao Yongkang, member of the Standing Committee of the provincial CPC committee and vice governor attended the course-completion ceremony. Zhao Shaomin, deputy head of the propaganda department of the provincial CPC committee and secretary and permanent deputy president of the party school of the provincial CPC committee presided over the course-completion ceremony.

North Region

Tianjin's 1992 Industrial Figures Reported

SK0501043593 Tianjin People's Radio in Mandarin
2300 GMT 4 Jan 93

[Text] According to the latest data provided by the municipal statistical bureau, in 1992 Tianjin's industrial production developed in a sound manner, economic efficiency picked up steadily, and industrial production entered a new stage of steady and sound development.

In 1992, the total industrial output value realized by the industrial enterprises at or above the township level amounted to 70.287 billion yuan, an increase of 15.9 percent over the previous year, or a record high in growth rate since the introduction of reform and opening up. The sales value amounted to 66.837 billion yuan, an increase of 18.2 percent over the previous year. In terms of economic efficiency, the municipality began an obvious upturn following several years of decline. The predominant role of the predominant industry of the municipality was manifested further. In 1992, the development speed of Tianjin's predominant industry rose by 8.2 percentage point over that in the previous year, and the index of the overall economic efficiency was 2.92 percentage point higher than the average level of the municipality as a whole. At the same time, the state-owned industry maintained the trend of swift and violent development. The three types of foreign-funded enterprises as well as township and town enterprises became the vital new force of the municipality's industrial production. In 1992, the output value of Tianjin's township and town industry rose by 32.2 percent over the previous year, and that of the three types of foreign-funded enterprises rose by 190 percent, with their proportions in the total municipal industrial output value reaching 13.2 percent and 10.1 percent respectively.

In 1992, Tianjin's product mix was improved further. Production of major and competitive products increased by a relatively big margin. According to the statistics compiled among the 74 categories of key products which have a bearing on the situation of Tianjin's production, in 1992 the output value realized by these products rose by 14 percent over the previous year. In addition, the pace of renewal and upgrading of products was accelerated, investment in technological transformation increased, and the momentum for industrial development was strengthened further. By developing the export-oriented economy, Tianjin also witnessed gratifying progress producing export-oriented products.

Tianjin Sets Record High in Electricity Output

SK0501045693 Tianjin People's Radio in Mandarin
2300 GMT 4 Jan 93

[Text] By the end of December, Tianjin's power industrial bureau generated 656 million kilowatt hours of electricity, an increase of 10.62 percent over the previous year, or 117.23 percent of the state plan, a record high.

This vigorously supported the development of Tianjin's industrial and agricultural production and basically ensured the power demanded by urban and rural residents.

Northeast Region

Jilin Holds Planning, Economic Work Conference

SK0501031393 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 4 Jan 93

[Text] The provincial planning and economic work conference opened in Changchun today. Major items on the agenda of the conference are to implement comprehensively the guidelines of the 14th CPC Congress and the guidelines of the 10th plenary session of the fifth provincial party committee; to implement the guidelines of the national planning and economic work conferences; to arrange Jilin's planning and economic work for 1993; and in particular, to study ways of developing the socialist market economy and accelerating Jilin's endeavor to raise the economy to a new level. Leading comrades of the provincial party committee and government, including He Zhukang, Gao Yan, and Gu Changchun, were present at today's session. Provincial Governor Gao Yan presided over the conference. Attending were city, prefectural, and autonomous prefectural leaders in charge of economic work; responsible comrades of provincial committees, offices, departments, and bureaus; and responsible persons of large enterprises.

Guidelines of the national planning and economic work conferences were relayed at the conference. On behalf of the provincial government, Provincial Vice Governor Liu Xilin gave a report entitled: Comprehensively Implement the Guidelines of the 14th CPC Congress and Arrange Well the Planning and Economic Work for 1993.

In his report, Liu Xilin reviewed Jilin's 1992 economic work. He pointed out: In 1992, Jilin notably accelerated its reform, achieved new progress in opening to the outside world, increased its economy fairly rapidly, and created a good beginning for raising the economy to a new level.

Liu Xilin pointed out: The general ideas for Jilin's economic work for the new year is to implement comprehensively the guidelines of the 14th CPC Congress and the guidelines of the 10th plenary session of the fifth provincial party committee; to adhere to the basic line consisting of one central task and two basic points; to accelerate reform, open wider to the outside world, seek truth from facts, and make earnest efforts to carry out practical work with an aim to establishing the socialist market economy system; to promote a rapid development of the economy to improve quality, adjust structure, and improve efficiency; and to achieve faster and better results in improving Jilin's economy to a new level.

Based on these general ideas, Liu Xilin put forward the major goals of Jilin's economic development in 1993 and emphasized several work priorities. First, we should further strengthen the position of agriculture as the foundation and comprehensively develop the rural commodity economy. Second, we should give prominence to major areas and pay close attention to basic industries and construction of infrastructural facilities. Third, we should greatly promote technological advances and make breakthroughs in technical transformation. Fourth, we should open wider to the outside world and facilitate the development of an export-oriented economy. Fifth, we should pay close attention to structural adjustment and quality and further improve economic efficiency. Sixth, we should develop the tertiary industry more rapidly and establish and improve the social security system.

Liu Xilin pointed out in his report: We should take reform as the basic motivation if we are to comprehensively fulfill the 1993 tasks for economic and social development and promote the socialist market economy. We should conscientiously enforce regulations and accelerate transformation of the enterprise operating mechanism to invigorate large and medium-sized state enterprises. We should accelerate price reform and gradually establish a mechanism under which the prices fixed by the market remain predominant. We should make active efforts to cultivate the market and improve the market system. We should reform the investment system, strengthen the responsibility system for the major investors, and quicken the macro regulation and control of the total supply and total demand and routine economic work.

Qinghai's Yin Kesheng on Selecting Leaders

HK0401150893 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 28 Dec 92

[Text] A meeting was convened by the provincial party committee yesterday morning [28 December] in order to convey important reports to the persons in charge of various democratic parties and the Federation of Industry and Commerce, as well as to noted non-party personalities regarding the personnel arrangements related to the changing of the provincial leading body.

The conference was presided over by Cai Zhulin, deputy secretary of the provincial party committee. Yin Kesheng, secretary of the provincial party committee, spoke to the participants of the meeting about the personnel arrangements related to the turnover of leadership at the provincial people's congress, provincial government, provincial Chinese People's Political Consultative Conference [CPPCC], and provincial higher people's court, and provincial people's procuratorate. He said: The changeover at the provincial leading body is a major event in the political life of our province. It is of important significance to the social and political stability, economic growth, and reform and opening up of the province. To carry out this changeover satisfactorily,

the provincial party committee has performed a vast amount of work by taking heed of the all views so that the candidates for the leading body enjoy strong popular support. At the same time, in choosing candidates for the leading body, it insisted on the standards of the four transformations of cadres [make the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent] and in line with the guideline of economic construction as the principal task, it placed emphasis on selecting talent from the economic field and on the political quality, professional knowledge, and work ability of the candidates. It also placed emphasis on the youth of candidates, as well as on a reasonable composition of cadres from various nationalities and localities.

Yin Kesheng pointed out: Doing a good job in the selection of the provincial leading body will be beneficial for the implementation of the spirit of the 14th party congress, for the province's reform and opening up, for the unity of the people of all nationalities, and for the satisfactory achievement of all undertakings in Qinghai.

Imbued with a strong sense of responsibility to the people of Qinghai, the persons in charge of the various democratic parties and the Federation of Industry and Commerce as well as the noted non-party personalities held intensive discussions on the personnel arrangements at the meeting. They also indicated that they will earnestly convene the coming First Session of the Eighth Provincial People's Congress and the First Session of the Seventh Provincial CPPCC, and select good leading bodies in order to contribute to the development of various endeavors in Qinghai.

Visits Agricultural Exhibition

HK0401125693 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 27 Dec 92

[Text] An exhibition on the achievements from our province's comprehensive agricultural development formally opened at the provincial Center for Scientific and Technological Activities on 25 December. With pictures, videos, and display items, this exhibition vividly and comprehensively illustrates the results of our province's efforts in comprehensive agricultural development during the last four years and sums up the experiences drawn from 14 key agricultural projects. This was a song of praise for the province's endeavors in comprehensive agricultural development.

Vice Governor Ma Yuanbiao presided over the opening ceremony, while Tian Chengping, Sang Jiejia, and Lu Shengdao cut the ribbon for the exhibition. [Provincial CPC Secretary] Yin Kesheng, Wang Fuxiang, Gu Jiasai, Kang Shichang, and other leading comrades, as well as delegates to the first provincial meeting to sum up and commend the results of the comprehensive agricultural development, visited the exhibition.

After visiting the exhibition, leading comrades from the provincial authorities spoke highly of the achievements

in agricultural development over the past four years. They also said that by persevering with the comprehensive development of agriculture, Qinghai's agriculture will be full of promise.

Yin Kesheng, wrote an inscription for the exhibition: "Cultivate the land steadily, concentrate on boosting per-unit yield, build base land, and bolster the capability for future development."

Economic Planning Conference Held in Xining

HK0401152593 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 26 Dec 92

[Text] The provincial economic planning work conference was held in Xining yesterday morning. Yin Kesheng [provincial party secretary], Tian Chengping, Sang Jiejia, Cai Zhulin, Doba, (Kang Shichang), Lu Shengdao, Bainma Dandzin, Ma Yuanbiao, Wang Hanmin, and other leading comrades, as well as the persons in charge of various autonomous prefectures, prefectures, cities, government departments, and some large and medium-sized enterprises attended the meeting.

The main topic of the meeting, which was held by the provincial government, was to study the reform, opening up, and economic work in our province for 1993 and arrange national economic and social development plans. The meeting will not follow the old method of fixing indexes and projects and distributing investment funds; instead, it will mainly discuss some major problems of economic development so as to expedite reform, opening up, economic development, and the building of a socialist market economy system.

The meeting was presided over by Tian Chengping, deputy provincial party secretary and acting provincial governor. Wang Hanmin, vice governor and concurrently chairman of the provincial planning commission, gave a speech on the province's 1992 economic situation and the development trends for 1993.

(Zhu Shen), vice chairman of the provincial planning commission, offered some ideas on our province's plans and arrangements in 1993.

At the session held in the afternoon, Sun Guangrong, chairman of the provincial financial and economic commission, and (Shi Yongxiang), vice chairman of the provincial planning commission, reported on the situation of industrial and commercial production and the development of tertiary industry respectively, and arranged next year's work.

Vice Governor Wang Hanmin said when talking about this year's economic situation at the meeting that in 1992, which will soon pass, our province actively promoted market reform according to the demand of building socialist market economy system, expedited opening up to the outside world, and markedly increased the economic development speed.

Wang Hanmin said: Judged from the whole country, economic development has already entered a new stage of rapid growth, whereas our province is still in a period of recovery. Therefore, we must have a strong sense of responsibility and sense of urgency, further emancipate the mind, seek truth from facts, enhance the spirit, do solid work, expedite the speed of economic development, and diligently realize the goal of guaranteeing an eight-percent increase and striving for a nine-percent increase, a goal set by the provincial party committee.

After comprehensively analyzing various favorable and unfavorable factors of economic development of our province in 1993, Vice Governor Wang Hanmin pointed out that we should fully estimate and utilize various favorable conditions, fully develop our province's strong points, face up to various restraining factors, and fully consider the possible impact on our province caused by the macroeconomic regulation and control in the whole country, so as to adopt effective measures to enable the national economy to develop faster.

Taiwan-Beijing Communications Channel Proposed

OW0501080393 Beijing XINHUA Domestic Service in Chinese 0734 GMT 4 Jan 93

[Text] Beijing, 4 Jan (XINHUA)—The Association for Relations Across the Taiwan Strait [ARATS] today sent a letter to Taiwan's Strait Exchange Foundation [SEF] proposing that the two organizations hold a meeting at an early date to discuss the establishment of regular communication channels at different levels.

The letter said that to promote economic cooperation and exchanges between the two sides of the Taiwan Strait and to safeguard the legitimate interests of compatriots on both sides of the strait, the two organizations should further strengthen their ties and cooperation. ARATS has suggested it is willing to establish multilevel ties with the SEF—multilevel contacts and ties between the presidents and board chairmen, vice presidents and deputy board chairmen, and secretary generals and deputy secretary generals of the two organizations. A responsible person of ARATS openly made known this suggestion during meetings with Taiwan reporters on 19 October and 16 December last year.

The letter said the Taiwan press had reported recently that a relevant department in Taiwan had expressed the hope that the two organizations would "quickly establish an institutionalized consultation channel." Mr. Gu Zhenfu [Gu Chen-fu] had also "expressed the hope that a regular communications channel could be established to handle the affairs of the two organizations and exchanges between the two sides of the strait." ARATS welcomes this proposal. The letter proposed that responsible persons of the two organizations establish early contact to discuss this question.

Hainan Secretary Meets With Taiwan Visitors

HK0501082793 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 27 Dec 92

[Text] Yesterday [27 December] afternoon, provincial party Secretary Deng Hongxun met with Chang Pingchao, member of the Taiwan Legislative Yuan and president of the Coordination Association for Commercial Affairs of the two sides of the strait, and his entourage.

Deng Hongxun briefed his guests on Hainan's natural resources, investment environment, and preferential policies. He said: Hainan and Taiwan are China's two large treasure islands which have many points in common. It is completely possible for the two islands to complement each other economically. Hainan has a vast territory and a sparse population. It has many fine harbors, great potential for development, and is rich in natural resources. Its prospects for development are rosy. He warmly welcomed Chang Pingchao and other Taiwan businessmen to come to Hainan to participate in large-scale development and make investments to run enterprises.

Chang Pingchao said: Hainan has better conditions than Taiwan for developing the economy. Judging from Taiwan's development over the past several decades, it has been successful in using agriculture to promote industry, and using industry to develop agriculture. Hainan can learn something from this in its construction. He also made many proposals on development and cooperation between Hainan and Taiwan in agriculture, tourism, industry, and so on. He stated that he would invest in some of Hainan's agricultural and animal husbandry projects.

Chang Pingchao's 10-member delegation came to Hainan for a visit and inspection at the invitation of the Hainan Branch of China's International Chamber of Commerce.

'Top 10' News Items on Cross-Strait Relations

OW0501085693 Beijing XINHUA in English 0744 GMT 5 Jan 93

[Text] Beijing, January 5 (XINHUA)—The top 10 pieces of news on relations between people on both sides of the Taiwan Strait in 1992 were published here today.

They were selected jointly by seven media including the overseas edition of the PEOPLE'S DAILY, XINHUA NEWS AGENCY, CHINA NEWS SERVICE, Central People's Broadcast Station, China Central Television Station and "OUTLOOK" weekly.

Following are the top news:

1. On October 12, Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC), in his report at the 14th CPC National Congress in Beijing, listed the conception of "one country, two systems" into the main content of the socialist theory with Chinese characteristics and explicitly indicated, "on the premise that there is only one China, we are prepared to talk with the Taiwan authorities about any matter, including the form that official negotiations should take and that would be acceptable to both sides."

2. On December 15, Jiang Zemin met with related officials attending the one year anniversary of the founding of the Association for Relations Across the Taiwan Strait and said, "We maintain the peaceful solution of the realization of the country's reunification. However, we will take resolute measures to guard the country's sovereignty and territorial integrity against any trend toward an 'independent Taiwan' or if foreign powers plot to split China."

3. On January 17, the State Council issued "Regulations for Chinese Citizens To Visit Taiwan Area," which came into effect on May 1.

4. Taiwan business people show great interest in investing on the mainland.

According to the statistics provided by the Ministry of Foreign Economic Relations and Trade, the mainland

approved the establishment of 3,750 Taiwan-funded enterprises in the first nine months of 1992, an increase of 231.56 percent over the corresponding period of the previous year. These enterprises involved 2.97 billion U.S. dollars of investment by Taiwan business people, up 253.57 percent.

It was estimated that the investment made by Taiwan business people last year topped the total amount of the previous 11 years.

5. On August 4, Wang Daohan, president of the Association for Relations Across the Taiwan Strait, wrote to Ku Chen-fu, chairman of the board of directors of the Foundation for Exchange Across the Taiwan Strait, to suggest a meeting between officials of the association and the foundation. On August 22, Ku Chen-fu wrote in reply with an agreement.

6. The two sides on the Taiwan Strait make exchanges in the fields of science, technology and culture.

The mainland's exhibitions of Dunhuang's ancient science and technology, wood or clay figures of warriors and jade clothes sewn with gold thread, the performance of the Central Ballet Ensemble and the visit of seven scientists to Taiwan have received warm welcome from people on all walks of life on the island.

7. Public figures from circles of science and economy in Taiwan including Wu Ta-you, Y.T. Chao and Tai Ying Liu headed delegations to visit the mainland marking the further development of exchanges between the two sides on the Taiwan Strait.

8. From September 5 to 12, an 18-member correspondent delegation from the mainland went to Taiwan to gather news.

9. On March 23, representatives from the Association for Relations Across the Taiwan Strait and the Foundation for Exchange Across the Taiwan Strait gathered in Beijing to undertake first work discussion and they held second work discussion in Hong Kong on October 28.

10. On July 16, the Taiwan authorities approved regulations on the relations between the people in Taiwan area and the mainland area.

According to a spokesman for the Taiwan Affairs Office under the State Council, the regulations have adopted some measures to loosen the control of the contacts and exchanges between the two sides of the Taiwan Strait. However, its crux is to advocate "one country, two governments" and refuse direct exchanges of mail, trade, air and shipping service. This is not only far from the reality of the exchange of the two sides but also limits the further development of the relations between the two sides of the Taiwan Strait in the form of legislation.

Li Teng-hui Delivers State of Nation Report

OW0501052693

[Editorial Report] Taipei China Broadcasting Corporation Network in Mandarin at 0215 GMT on 4 January broadcasts the "text" of President Li Teng-hui's 42-minute state of the nation report to the Second Extraordinary Session of the National Assembly in Taipei. Poor reception allows processing of only the following:

President Li Teng-hui begins his speech by saying he takes great pleasure, in his capacity as the president of the Republic of China [ROC], in being the first president to deliver a state of the nation report to the National Assembly which represents all the people of the nation. "It is the [words indistinct] in the history of the development of constitutional government in our country and, therefore, has important significance."

Reviewing the development process of the ROC in the Taiwan region in a period of more than four decades since the ROC Government moved to Taiwan, he hails it as "the most successful model of the developing countries' drive to modernization." Then he elaborates on the Taiwan experience, which is widely acclaimed by people all over the world, beginning from the land reform successfully carried out in 1953 and the widespread implementation of nationwide education in 1968 to industrial development and trade expansion as a result of implementing various regulations on incentives for foreign investments and export and the four major constructions carried out since 1973. He attributes all these achievements to the foresight and leadership of late Presidents Chiang Kai-shek and Chiang Ching-kuo. Economic development and political stability lead to progress in democratization. In 1987, the ROC Government lifted 38-year ban on registration for establishment of newspaper offices and organization of political parties. He stresses that the development of political parties under the system of a constitutional government is, fundamentally speaking, the only way to implement and promote democracy. Then he dwells on two-phase constitutional reform, including standardization of necessary laws on development of cross-strait relations, termination of the period of mobilization for suppressing communist rebellion and its provisional clauses and articles in 1991, election of legislators and delegates to the National Assembly, and the changing of the method for election of the president and vice president of the ROC. The maturity of a democratic government in the ROC, he says, has made us full of unparalleled confidence in the future development of the country. The ultimate objective of the modernization of a democratic country is to enable all its citizens to share the successful achievements of (?constitutional government), he says.

Implementation of economic construction, rapid economic growth, and great improvement in the people's living standards represent the most splendid aspect of our Taiwan experience. "In 1992, the Taiwan Region's gross national product far exceeded \$200 billion; the total import and export volume exceeded \$150 billion;

the foreign exchange reserve totaled \$85 billion; and per capita income reached \$10,156." He continues to give growth figures for the agricultural and industrial sectors and to stress the importance of making improvement in the areas of environment, public order, transportation, and education. In 1990, the ROC Government resolutely moved ahead with the Six-Year National Construction Plan to reestablish economic and social order, expedite transformation of the industrial structure, and strive for a balanced development of national economic construction to lay a more solid foundation for the long-term development of the nation. Meanwhile, he calls for "accelerating the pace of economic liberalization and internationalization and striving to become the most constructive member of international economic organizations." "After completion of the Six-Year National Construction Plan," he says, "we shall be able to become the financial center, transportation hub, and a place of strategic importance for science and technology in the Pacific region. It is estimated that in the year 2000, the Taiwan region's gross national product will reach \$440 billion; the total import and export volume will reach \$300 billion; and per capita income will reach \$20,000, thereby enabling us to proudly become an economic superpower in the 21st century."

Touching on the ROC's diplomatic endeavors, he says: The ROC's diplomatic situation has bright prospects. The ROC has long been under unfavorable influence in its foreign relations since it withdrew from the United Nations because Communist China has been deliberately attempting to exclude it from the international community. "However, because of the ROC's leverage in its economic strength, implementation of democratic politics, and the collapse of the international communist bloc, coupled with the unremitted efforts made by the ROC with a realistic attitude, a new situation in foreign relations has gradually emerged in recent years." "The ROC is taking concrete actions to expand mutual cooperation and contacts on the basis of mutual benefit with the (?29) countries which have maintained diplomatic relations with the ROC." "At present, the ROC has set up representative offices in 99 countries with which it has no diplomatic ties." Scores of them bear the name of the ROC. In addition to gradually expanding bilateral relations with some countries, he says, the ROC participates in such international activities as the Central America Development Bank and the Asia-Pacific Economic Cooperation Forum and will join the GATT. In the future, the ROC will participate in international organizations and assume international responsibilities in a more aggressive and realistic spirit with (?the rejoining of) the United Nations as the final goal.

Touching on cross-strait relations, he says: "At present, national reunification and the development of relations between the two sides of the Taiwan Strait are the issues with which we are most deeply concerned." The two sides have a different understanding of the meaning of one China, he says. In 1987, the government took the initiative to lift ban on some people's travel to Mainland

China to visit their relatives. "As soon as Teng-hui was inaugurated as the eighth president in (January) 1990, I affirmed that Taiwan and the mainland are inseparable parts of the territory of China." All the Chinese people, he urges, must strive for fulfillment of the common goal of national reunification. The National Unification Council was established in October 1990 and the National Unification Guidelines were adopted in February (1992). "After completion of the first-phase constitutional government reform, we announced termination of the period of mobilization for suppressing communist rebellion and gave up the use of force as a means to achieve reunification in anticipation of Communist China's goodwill response. Here, I would like to stress that China's reunification must be achieved for the purpose of promoting the well-being of all Chinese people." Only under a system of unhampered development can an individual enjoy happiness; and only under a system that gives priority to the well-being of the people is there meaning for the existence of a government, he points out. "Therefore, we eagerly hope the Chinese Communist authorities will abandon as early as possible the contradictory policy of leaning to the right in economic affairs and to the left in political affairs and the united front slogan of One Country, Two Systems ... to bring about fulfillment of the great cause of China's reunification at an early date."

With regard to strengthening national defense and national security, he calls for maintaining better troops, effectively making use of the resources of national strength, actively upgrading weapons and equipment, and promoting science and technology for national defense. He warns against Communist China's expansion of naval and air forces, the Japanese Diet's approval of sending troops overseas to participate in UN peace-keeping operations, and the possible eruption of conflicts over the sovereignty of the South China Sea. He calls for strengthening international economic, cultural, and scientific and technological exchanges and cooperation; conducting joint exploitation of resources in the South China Sea; and establishing a security system through disarmament. All these will need the common efforts of some countries and regions to be achieved. Touching on the issue of national security, he warns that, at present, the expression by a handful of people of their political views aimed at splitting the country and their advocacy which confuses public opinion will cause internal discord, adversely affect social harmony and stability, and, moreover, lead to retrogression in cross-strait relations. He calls for "displaying the spirit of standing together through thick and thin" and reaching a common understanding on the issue which, he says, will offer effective protection for national security, win the support of the compatriots on the mainland, "bring about peaceful change and peaceful evolution of the Communist Chinese authorities," and fulfill the goal of national reunification.

Before concluding his report, President Li Teng-hui extols the virtues of Chinese culture and calls for vigorous efforts to promote Chinese culture during the

period of the Six-Year National Construction Plan. He says it is the "accumulated wisdom of the Chinese people" as well as an effective remedy for deteriorating public order, moral ethics, and value concept. He calls for reestablishing social order, improving the living quality, fulfilling the reunification of China, and bringing about a utopia in the world with the spirit and principles of Chinese culture.

Finally, he stresses "we are firmly convinced China will surely be reunified" and that "it is a road that the whole of China must take in the future."

National Assemblymen Comment

OW0501090893 Taipei CNA in English 0751 GMT 5 Jan 93

[Text] Taipei, Jan. 5 (CNA)—Members of the National Assembly Monday [4 January] spoke highly of the state-of-the-nation address given by President Li Teng-hui at the extraordinary session of the assembly Monday morning.

Former Democratic Progressive Party chairman Huang Hsin-chieh gave a favorable appraisal to the address, and said it gave clear confirmation of the nation's movement in the direction of two-party democracy.

Huang praised Li for his sense of responsibility to this process of transformation in making the first ever presidential address before the National Assembly since the inauguration of the constitution in 1946.

National Assemblyman Ma Ying-jeou, who is also deputy chairman of the Council of Mainland Affairs, said that president exhibited far-sightedness and open-mindedness in the address, and gave a clear picture of national policies.

Assemblyman Kang Ning-hsiang said he accepted the spirit in President Li's pledge that major accomplishments could be made in constitutional reform, cross strait relations and economic development by the completion of his tenure, though added that he and the rest of the nation would have to hold judgement on that pledge until the president served out his mandate.

Su Yung-chin, Kao Kuang-cheng and Chiang Chi-wen all echoed the thought that the address was helpful to promoting national harmony and solidarity.

Chen Chao-er, who is head of the six nonpartisan members, praised President Li for his far-sightedness by attaching great importance to cultural development and the promotion of social ethics, which they said are the root of national development.

Legislators Discuss Sino-U.S. Copyright Agreement

OW0501092293 Taipei CNA in English 0813 GMT 5 Jan 93

[Text] Taipei, Jan. 5 (CNA)— Legislators Monday [4 January] demanded in a public hearing that the government not to yield to the American pressure on some provisions of the proposed copyright agreement with the United States.

Government officials claimed that the signing of the pact will be conducive to the introduction of high technology to the nation and the upgrading of industrial levels.

Enforcement of strict copyright laws, the officials pointed out, is definitely necessary to fight rampant piracy practices.

Tsai Ten-sheng, section chief of the Board of Foreign Trade, warned that the Republic of China [ROC] could again be targeted by the US between March and April should the accord fail to pass the legislature.

The two countries did not reach an agreement in the recent intellectual property right consultations, but they agreed Taipei must finish the accord's legislative procedure before the end of January. ROC negotiators insisted during the consultations that "parallel import of genuine products" not be prohibited in Taiwan. Legislator Lin Shou-shan held that the ROC should not knuckle under the American pressure at this point because similar practices are not banned in the U.S.

American negotiators had threatened to invoke Special 301 clause of its Omnibus Trade Act to retaliate against the absence of more stringent copyright law in Taiwan.

The ROC was put on a U.S. priority watch list last June for the alleged failure to protect American intellectual property rights.

Trade Mission To Visit Southern Africa

OW0201145293 Taipei CNA in English 1405 GMT 2 Jan 93

[Text] Taipei, Jan. 2 (CNA)—A Republic of China [ROC] trade delegation led by Vice Economics Minister P. K. Chiang will visit four nations in Southern Africa at the end of February.

The four nations are Zambia, Zimbabwe, Madagascar and South Africa.

Officials said the delegation will seek to strengthen the country's trade relations with South Africa, and the other potential markets throughout the region.

The delegation will also try to woo the African nations into support for Taipei's bid to join the General Agreement on Tariffs and Trade (GATT), they added.

Economics Minister Hsiao Wan-chang said Friday [1 January] the GATT is scheduled to begin reviewing the

ROC's application for membership on March 25, about six months after Taipei was accepted as an observer of the world trade body last September.

Hsiao expected the country to become a contracting party to the GATT before the end of this year.

Beijing Urged To Develop Ties 'in Good Faith'

OW0501085893 Taipei CNA in English 0759 GMT 5 Jan 93

[Text] Taipei, Jan. 5 (CNA)— Mainland Affairs Council Chairman Huang Kun-hui urged Peking to stop its wishful thinking that a "one country, two systems" would sell in Taiwan.

Huang was speaking at a seminar on news exchanges across the Taiwan Strait Monday [4 January].

He urged Peking to develop relations between the two sides in good faith, so that an early unification of the two separate states would be possible.

Huang said that Peking should first recognize the fact of the existence of the two separate state governments before it could get to the work of unification.

He expressed the hope that Peking try to understand the spirit of the national unification guidelines, that it is a gradual, three-stage process.

He also said that while Mainland China's economic reforms were positive steps, its political development has pursued a conflicting course.

He said that Peking's declaration of building a socialist nation with Chinese characteristics, or pushing for a socialist market economy was both odd and anachronistic.

He urged Peking to renounce Marxism and Leninism for the benefit of all Chinese people.

Huang said that Taiwan would compete with Mainland China with its more democratic way of life. He was confident that Mainland Chinese people would prefer a life of freedom, democracy and equal distribution of wealth as found here.

Fishing Boat 'Attacked' By Mainland Vessel

OW0501090293 Taipei CNA in English 0804 GMT 5 Jan 93

[Text] Taipei Jan. 5 (CNA)—A Taiwan fishing boat which was attacked by an unidentified Mainland Chinese ship in waters off northeastern Taiwan coasts Jan. 2 returned to Nanfangao, a small fishing port in northeastern Taiwan, Monday [4 January].

Li A-huang, skipper of the Suaowa-based Fngyi No. 26, said his boat was shot by an iron-crusted mainland ship

late Saturday night when it was operating in waters nine nautical miles west of Pengchiayu islet, which is within Taiwan's territorial waters.

Li said the mainland vessel opened fire before asking him to stop for an inspection. The mainland crew demanded that Li board the mainland boat and tied him up as a hostage before searching his boat.

The mainland crew also used a club to bat one of Fengyi crew members as a warning to discourage them from resisting the search, Li recalled.

One mainland crew returned to their ship and fled after spotting several approaching Taiwan fishing boats.

Li said he had asked his crew to send out signals for help before he was taken to the mainland boat.

Li regretted that neither naval ships nor marine police patrol vessels had rushed to their rescue. He urged naval or marine police authorities to strengthen patrols in the country's territorial waters to protect local fishermen from being harassed or attacked by their mainland counterparts.

A spokesman for the Navy general headquarters said Monday that the Navy did send a naval ship to rescue the Fengyi No. 26 late Saturday night. The naval ship, however, failed to find the whereabouts of the fishing boat, the spokesman said. The naval vessel is still patrolling the area near Pengchiayu, he added.

Interior Minister Apologizes for Poll Fraud

OW0501084693 Taipei CNA in English 0820 GMT 5 Jan 93

[Text] Taipei, Jan. 5 (CNA)— Interior Minister Wu Poh-hsiung Monday [4 January] apologized to the people for the incident of election fraud in the eastern city of Hualien on Dec. 19.

"The poll irregularities are simply unbelievable... The image of justice built up by election workers after so

many years has been tarnished," lamented Wu, concurrently chairman of the Central Election Commission, in his port on the legislative election during a Kuomintang monthly meeting in memory of Dr. Sun Yat-sen.

Wu, however, stressed that contributions made by the rest of the election workers should not be written off; otherwise, nobody would wish to assume the task in future polls.

At least 200,000 policemen and election workers were mobilized for the full legislative election.

Wu also defended the commission's controversial announcement of the victory of front-running Kuomintang candidate Hsieh Shen-shan in the Hualien poll.

Whatever the development in the vote-rigging case, Hsieh was sure to be elected to the legislature as the KMT heavyweight nominee led the other rivals by at least 10,000 votes, Wu explained. The other seat set for the constituency has been left open pending the results of the Hualien district court's deliberation on the case, which opens Wednesday.

Huang Hsin-chieh, nominee of the Democratic Progressive Party (DPP) and former DPP chairman, lost to the other KMT nominee Wei Mu-tsun by a mere 63 votes.

At Huang's demand, the Hualien prosecutor's office found that the number of votes in the recount exceeded the number of those originally issued by more than 700 in 13 poll stations.

Eight poll station supervisors have since been held by the prosecutors for their complicity in the fraud.

Huang took legal action against the Hualien Election Commission Monday, insisting that the county's poll result be nullified and a re-election be held.

A local prosecutor filed a lawsuit against the Hualien Election Commission on Dec. 26 and requested a re-election in the 13 poll stations where results were questioned.

Hong Kong

'Roundup' on Economic Exchange With Mainland

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["Roundup" by XINHUA correspondent Zhao Jieming:
"Hong Kong's Prosperity Rests on Booming Economic
Development on Chinese Mainland"]

[Text] Hong Kong, January 5 (XINHUA)—In 1992, the economic and trade exchanges between Hong Kong and the Chinese mainland ushered in a new stage, constituting a very important factor in the maintenance of Hong Kong's prosperity and stability.

The overall world economy failed to cast off recession over the past year. The Hong Kong economy, however, performs uniquely well. This has much to do with gradual economic integration with China, especially re-exports to and from the mainland.

According to government statistics, economic and trade volume between the Chinese mainland and Hong Kong grew at a high speed of 34.3 percent annually on average in the 1978-1991 period. Much of the increase came from re-exports of products processed by Hong Kong-invested factories in southern China.

In the first 11 months of 1992, the re-export value of Hong Kong climbed to 626.5 billion HK [Hong Kong] dollars (80.3 billion U.S. dollars), registering a 29.9 percent increase over the corresponding period of 1991. In contrast, the export value of local products in the same period totalled 212.4 billion HK dollars (27.2 billion U.S. dollars), a mere increase of 1.8 percent.

The market research department of the China Resources (holding) Co. Ltd. estimated the gross profit Hong Kong gained from export and re-export to and from China last year at 80 billion HK dollars (10.2 billion U.S. dollars), which made up one eighth of the territory's gross domestic product.

So far, China has replaced the United States as Hong Kong's largest trade partner, the biggest market and the leading commodity supplier.

A local economist said, at present, Hong Kong's export hinges on "China factor". Gone forever the days when the Hong Kong economy develops up and down along with economic growth in the United States.

With sharp increase of re-export in the past decade, a growing number of Hong Kong manufacturers have shifted their production lines to the neighboring Shenzhen Special Economic Zone and the Pearl river delta for export-oriented processing.

Hong Kong Government statistics showed, processing for export accounted for 80 percent of export, half of re-export and 60 percent of import in the mainland-Hong Kong trade volume.

So far, 25,000 factories, built with funds exclusively provided by Hong Kong investors or in the form of joint ventures, have been set up in the Pearl river delta, employing three million local workers.

The combined annual output value of these factories was equivalent at least to 30 percent of the total output value of Hong Kong manufacturing industry. Up to 80 percent of electronics, leather and textile products sold on hong-kong market were produced on the mainland.

Lower wage and lower rent for land-use right and workshop in southern China made it possible for Hong Kong investors to reduce their production cost by one third, estimated at 200 billion HK dollars (25.6 billion U.S. dollars) a year.

Processing for export on the Chinese mainland helped Hong Kong manufacturers to concentrate on market promotion and development of new and high-tech products, said Francis Ho Suen Ywai, assistant director general of industry, adding it will be beneficial to transformation of Hong Kong's industrial structure.

Another prominent aspect in mainland-Hong Kong economic exchanges was a new upsurge of investment in China through trade fairs held in Hong Kong.

Hong Kong saw records both in the number of trade fairs and in the amount of foreign investment signed over the past year, said Song Yong, chairman of the board of directors of the China Resources Co. Ltd. (CRCL).

In 1992, the CRCL, the leading organizer of mainland trade fairs, held 19 large investment and trade fairs in Hong Kong, which attracted 11.5 billion U.S. dollars of investment in all, and gained a total trade value of 15.52 billion U.S. dollars, almost doubling the previous year's figure, Song said.

Analysing characteristics of these trade fairs, Song said, the areas of investment have expanded from traditional Guangdong Province to the eastern coast, northwest and other inland provinces owing to improvement of infrastructures in these areas and more preferential terms offered to investors.

Secondly, the scope of investment have spread to finance, real estate, information, infrastructures, retail and tertiary trade.

Thirdly, the amount of investment snowballed and more overseas business groups sought investment opportunities in China.

In less than a half year since China opened its department stores to overseas investors, scores of foreign department stores, foodstuff shops and supermarkets such as Wing On (Holdings) Ltd, Yaohan, Crocodile Garment Ltd, Fairwood, Watson, Park'n Shop, Wellcome and 7-Eleven shops opened branches in Guangzhou.

So far, no large Hong Kong business consortium refrain from investing in the huge market of China.

However, Hong Kong business and commercial circles worried that the Sino-British confrontation arising from the proposal advanced by Hong Kong Governor Chris Patten would exert a negative effect on Hong Kong's economic development.

But they believe "China factor" will continue to keep Hong Kong stable and prosperous.

Official Hopes PRC Accepts Verdict on Reform

HK0501033893 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jan 93 p 1

[Report by Fanny Wong]

[Text] The Chief Secretary, Sir David Ford, yesterday expressed hope that China would be prepared to accept the constitutional development package supported by the Legislative Council [Legco] when the law-making body passes its verdict on the reform plan.

Even if the Legislative Council decided to amend the proposals put forward by the Governor, Mr Chris Patten, Sir David said the administration would feel comfortable to abide by the legislature's judgement and hoped that China was also prepared to accept it.

Speaking at a year-end briefing, Sir David denied that the Government's political blueprint was designed to confront China and he also dismissed suggestion that Britain had changed its policy towards Hong Kong.

Commenting on the draft legislation on the electoral arrangements to be tabled to Legco, Sir David said the Government would need to be convinced that there were viable, credible and well-supported alternatives available to the administration if they were to substantially amend the Governor's proposals.

Sir David conceded that the British side was in a difficult position as China had made it clear that if there were to be a dialogue between the two sides on the constitutional reform plan, the Governor had to abandon his proposals.

"I don't know many people in Hong Kong who believe that it's a viable option for the Government to withdraw the proposals which it has put forward to the people of Hong Kong," he said.

"Those proposals, as decided by the Executive Council, will be put to the Legislative Council sometime in February and then it would be a matter for Legco to decide in the best interest of Hong Kong people.

"At the end of the day, I think there will be a consensus around which people will...the Legco will vote on those proposals. They may be amended, we have said that they are simply proposals and we are certainly not set against them being amended in any way.

"I believe that the Hong Kong Government will be prepared to accept the verdict of Hong Kong people as expressed through the Legco on those proposals providing what emerges is fair and open. I think China will also wish to take account of the views of the people of Hong Kong on these proposals as expressed through Legco."

He added: "Our ability as a Government to influence that process (the Legco discussion on the draft legislation) is as I've said quite limited," pointing out Government had only three official votes in Legco.

Although Mr Lu Ping, the director of the Chinese State Council's Hong Kong and Macao Affairs Office, had noted uncertainty over the summit meeting between the two foreign ministers in March, Sir David said the Government would see the benefit of the meeting and expected it to go ahead.

The Government, he said, was also anxious to ensure that the difficulties on the constitutional package did not spill over to the wide range of contacts on a number of issues including the economic front.

Sir David also indicated optimism in Hong Kong's economic growth in the coming year although Mr Lu had warned that if Hong Kong chose to confront China, the territory would suffer economically.

"Nothing that we have done or the British Government has done has in any way been designed to challenge the fundamental strength of Hong Kong's economy," Sir David said.

He said it remained the Government's aim to maintain a good relationship with China as it was a very important element to Hong Kong's confidence and stability.

But he also noted that in the past the importance of maintaining a good relationship sometimes could not be the overriding factor for making Government decisions, citing the Bill of Rights and the British nationality scheme as examples.

Sir David also denied that Britain had changed its policy towards Hong Kong.

"If you believe that to put the proposals on the table rather than discussing them in private and in secret is a change of policy, I cannot agree with you."

Article Views Patten's 'Barriers' to Transition

OW0501094493 Beijing BAN YUE TAN in Chinese
No 23, 10 Dec 92 pp 54-56

[Article by Wang Danyue (3769 0030 2588): "Patten Has Erected Barriers to Hong Kong's Smooth Transition"]

[Text] China and the United Kingdom signed a joint declaration on the Hong Kong issue as long ago as December 1984. The "Joint Declaration" states: The

United Kingdom shall return Hong Kong to the PRC with effect from 1 July 1997.

In the interest of maintaining Hong Kong's prosperity and stability and ensuring the smooth transition of sovereignty, China and the United Kingdom have reached the following agreement after many rounds of talks and consultations: Self-government for the people of Hong Kong will remain unchanged for 50 years. Except for the departure of the British Hong Kong governor and the appointment of a Hong Kong resident as a special chief executive, Hong Kong's government apparatus will operate right through 1997, the year for the transfer of power. This is the so-called "through-train" mode of transition.

In a departure from normal practice, Patten—the new Hong Kong governor—has disregarded the Sino-British agreement since coming to power this July. His 7 October government report introduced unauthorized changes to Hong Kong's political structure, in violation of the Sino-British Joint Declaration, the principles of the Basic Law, and relevant provisions. This has created barriers to Hong Kong's smooth transition and its successful transfer of political power. Meanwhile, the British Hong Kong authorities took unilateral action in violation of the Sino-British Memorandum of Understanding on the new airport. This is something that China cannot accept.

After Patten issued the challenge to the Chinese side, a spokesman from the State Council's Hong Kong and Macao Affairs Office released a statement urging him not to play political tricks, but to return to the Sino-British Joint Declaration and hold consultations in earnest. During his recent visit to the United Kingdom, Zhu Rongji, vice premier of the State Council, held consultations with Prime Minister Major on the Hong Kong issue. The British side stood its ground, thus hampering efforts at solving the problem.

According to the Sino-British Joint Declaration, Hong Kong's current legal system—including the executive-led basic framework—will remain unchanged. According to the "British Imperial Mandate" and the "Royal Decree," the Legislative Council is an advisory body on legislation for the Hong Kong Government. It is the executive branch that is responsible for filing and amending bills. Patten, however, plans to introduce substantial changes to Hong Kong's political structure.

The political changes introduced by Patten consist of two features—the separation of the Executive and Legislative Councils and the Legislative Council's 1995 election.

Prior to 1991, the Hong Kong governor appointed members to the Executive and Legislative Councils. As agreed by the Chinese and British sides, Legislative Council members were directly elected for the first time in September 1991, while the Hong Kong governor continued to appoint members to the Executive Council. Current Executive and Legislative Councilors were

named under a dual appointment system. This means some members of the Executive Council sit on the Legislative Council, and some Legislative Councilors sit on the Executive Council. The two councils often hold discussions together. Their relations are executive-oriented. The current political mechanism does not significantly contradict Article 62 of the Basic Law of the Hong Kong Special Administrative Region; it conforms to the spirit of the Sino-British Joint Declaration in "maintaining Hong Kong's current social and economic systems."

Patten's intention to separate the two councils is one to change the Legislative Council's status and nature, expand its power—especially the power of the "Government and Legislative Council Affairs Committee" established under it—so that it can take charge of handling legislative and executive plans, and become involved in executive affairs, and share powers with the Executive Council. By doing this, Patten will have replaced the original system under which "the Executive Council plays the leading role" with a system under which "the legislature plays the central role." He will also have given the Legislative Council greater decisionmaking and counterbalancing powers in the government, enabling it to control real power in the Hong Kong Government. Moreover, he will have completely changed the mode of the current political system in Hong Kong, allowing the Legislative Council to replace the Executive Council in playing the dominant role. This is something with which we cannot concur.

Let us now turn to the issue of reforming the 1995 election of the Legislative Council. The election of the Legislative Council is held once every five years. Since the term of Legislative Council members elected in 1995 will not expire until 1999, it will straddle 1997. According to the Sino-British accord, if the Legislative Council members elected in 1995 are in accord with the Basic Law, they can ride the "through-train" and sit in the Legislative Council of the Hong Kong Special Administrative Region after 1997. Specifically because of this, Patten is playing the trick of changing the mode of the 1995 election so "democrats" in Hong Kong will become the overwhelming majority in the Legislative Council.

The Hong Kong Legislative Council is made up of 60 members. Nearly all of the 18 members elected during the first direct election in 1991 are "democrats." The Chinese and British sides also agreed that the 1995 election will have two additional slots for directly elected members. Thus, there will be 20 members who will be elected directly. Thinking this number is still too small, Patten is trying to change the election mode. His tricks include replacing the two-seat, two-vote system with a one-seat, one-vote system, and lowering the minimum voting age from 21 to 18 so as many as 40 members—or two-thirds of the 60 members in the Legislative Council—obeying Patten's orders will be elected directly or pseudodirectly, so they can use their overwhelming

majority to control all issues and so British forces can continue to "dominate their domain" in Hong Kong after 1997.

Commenting on Patten's challenge, Foreign Affairs Minister Qian Qichen pointed out poignantly: "Patten's proposals are detrimental to Hong Kong's prosperity and stability, and will obstruct the stable transition of Hong Kong." Hoping Patten will follow the principles laid down in the Sino-British Joint Declaration, the Chinese side has patiently talked with him and made representations to him, pointing out to him one by one where he has gone against the joint declaration and the Hong Kong Basic Law. But Patten was totally nonreceptive. Therefore, Lu Ping, director of the Hong Kong and Macao Office under the State Council, said: "Our doors are open. We do not want confrontation, but if the other side wants it and wants to challenge us, we will accept the challenge."

As for the issue of the new Hong Kong airport, the Hong Kong Government proposed to China in 1989 that a new airport be built in Hong Kong's Chet Lap Kok. The two sides began negotiations in 1990. In 1991, the two sides initialed the "Memorandum of Understanding on the Construction of the New Hong Kong Airport and Relevant Issues." The memorandum states: The British Government in Hong Kong will be responsible for the construction of the 10 keynote projects of the new airport until 30 June 1997; the construction cost should be low; debts should not exceed HK\$5 billion by 1997; and the Hong Kong Government should leave a financial reserve of HK\$2.5 billion for the government of the special region.

The new airport is a gigantic construction project, and the amount of capital needed for the construction is also enormous. The original plan drawn up in 1990 estimated an investment of HK\$98.6 billion was needed, but now the investment has been readjusted to reach HK\$175.3

billion, or 52 percent higher than the original plan. It has been reported that departments and enterprises in charge of airport construction have already borrowed a total of HK\$93 billion. Moreover, the British Government has yet to promise to set a ceiling for the airport's construction cost.

In mid-September this year, the Hong Kong Government presented to the Chinese side a new plan for financing the new airport. It proposed that, instead of borrowing money from banks, capital should be raised through selling land. It proposed that all the extra HK\$40 billion income from selling the 62 hectares of land along the airport railway be spent on building the airport (according to a previous accord, half of the money should be reserved for the government of the special region). This is to say that HK\$20 billion reserved for the government of the special region in 1997 will be spent ahead of time. The Chinese side rejected this proposal.

Recently, disregarding the principles laid down in the Memorandum of Understanding, the British Government in Hong Kong has been claiming on various occasions that it will undertake the airport construction alone, and that, before the two sides reach an accord on overall financial arrangements, it will request that the Financial Committee allot funds and approve the contract on the airport platform. Because of this, the Chinese side solemnly pointed out that it will never accept the unilateral action which the British side will take in violation of the principles laid down in the Memorandum of Understanding, and that the British side must bear all consequences arising therefrom.

Chris Patten, the last governor of Hong Kong, is doing something foolish which goes against the Sino-British Joint Declaration and Basic Law, and which is detrimental to the prosperity of Hong Kong and the interests of Hong Kong people. We advise Chris Patten to retract his plan as quickly as possible and not to cling obstinately to his own way.

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